

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2001

TRANSCRIPT LIST

Pre-Closing: March 5, 2001

Closing: March 7, 2001

1. Grant Letters and Agreements
2. County Commission Orders regarding Creation of District
3. County Commission Orders on Appointment of Board Members
4. Oaths of Office
5. Rules of Procedure
6. Bond Resolution
7. Notice and Affidavit of Publication of Meeting to Consider Bond Resolution
8. Minutes on Adoption of Bond Resolution
9. General Certificate of Issuer and Issuer's Counsel on:
 1. Terms
 2. Award of Bond
 3. No Litigation
 4. Governmental Approvals and Bidding
 5. No Adverse Financial Change; Indebtedness
 6. Signatures
 7. Certification of Copies of Documents
 8. Public Service Commission Order; Rates
 9. Incumbencies and Official Name
 10. Delivery and Payment
 11. Land and Rights of Way
 12. Meetings
 13. Contractors' Insurance
 14. Connections
 15. Management
 16. Rates and Charges
 17. Conflict of Interest
 18. Compliance with 1985 and 1991 Resolutions and Bond

10. Engineer's Certificate
11. Certificate of Secretary-Treasurer as to Truth and Accuracy of Documents Delivered
12. Rate Tariff
13. Water Purchase Contract with City of Spencer
14. Public Service Commission Certificate of Convenience and Necessity
15. Rural Utilities Service's Consent to Issuance of Parity Bonds
16. Specimen Bond
17. Financing Statement
18. Issuer's Counsel Opinion
19. Bond Counsel Opinion
20. 1985 Bond Resolution
21. 1991 Bond Resolution
22. Bond Registry Form
23. Receipt for Bond and Transcript
24. West Virginia Infrastructure and Jobs Development Council Approval Letter
25. Municipal Bond Commission New Issue Report Form
26. Copy of Statutory Authority

The Pre-Closing of the sale of \$285,000 Clover Public Service District, Water Revenue Bond, Series 2001, will take place at the District's office in Spencer, West Virginia, at 9:30 a.m., Eastern Time, on the 5th day of March, 2001. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document which references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

COPY

JUL 14 1999
RUS Bulletin 1780-12

Water and Waste System Grant Agreement
United States Department of Agriculture
Rural Utilities Service

THIS AGREEMENT dated July 1, 1999, between

Clover Public Service District
a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code
(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (~~waste~~) system to serve the area under its jurisdiction at an estimated cost of \$ 3,000,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,535,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,535,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 1,465,000 or 75 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

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

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

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

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

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

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

* as approved by the West Virginia Public Service Commission

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

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

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

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

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

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

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

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

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

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

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

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

[Revision 1, 04/17/1998]

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

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

Water system extensions consisting of approximately 70,000 LF of eight-inch waterline, 42,500 LF of six-inch waterline, and 500 LF of two-inch waterline, two 100,000 gallon water storage tanks, and necessary appurtenances to serve an estimated 140 new customers in the Linden/Tariff area of Roane County, West Virginia.

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

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

- (c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
- (d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
- (e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

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

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 1,465,000 which it will advance to Grantee to meet not to exceed 75 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

Clover Public Service District

By Wheeler G. Hall

Wheeler G. Hall
Chairman

(Title)

By Evelyn Starcher

Evelyn Starcher
Secretary

(Title)

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Gary D. Wilson Rural Development Specialist
(Title) March 7, 2001

COPY

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated July 6, 2000, betweenClover Public Service District
a public corporation organized and operating underChapter 16, Article 13A, West Virginia Code
(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (~~waste~~) system to serve the area under its jurisdiction at an estimated cost of \$ 3,000,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 2,925,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 2,925,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 75,000 or 75 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

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

NOW, THEREFORE, in consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

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

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

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

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

* as approved by the West Virginia Public Service Commission

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

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

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

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

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

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[Revision 1, 04/17/1998]

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[Revision 1, 04/17/1998]

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3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

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R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 75,000 which it will advance to Grantee to meet not to exceed 75 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph 1 above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

Clover Public Service District

By Wheeler G. Hall
Wheeler G. Hall

(Title) Chairman

By Lynn Fouty
Lynn Fouty

(Title) Secretary

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Gary D. Wilson
Gary D. Wilson

Rural Development Specialist

(Title)

March 7, 2001



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

November 8, 1999

The Honorable Larry W. White
President
Roane County Commission
Post Office Box 69
Spencer, West Virginia 25276-0069

Dear Commissioner White:

Thank you for your application to the Small Cities Block Grant Program for fiscal year 1999.

Your request has been approved in the amount of \$1,175,000. These funds will enable you to extend water service to rural areas of Roane County.

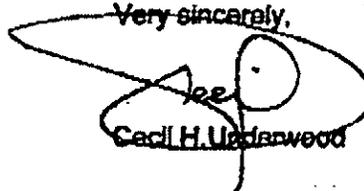
In order to effectively use the limited dollars available, I hereby commit \$425,000 from our fiscal year 1999 allocation that will immediately be available to you. The remaining \$750,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contracts in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for Roane County.

Very sincerely,



Cecil H. Underwood

CHU:ans

ORDERS. County Court, Roane County, W. Va.

Term

day

day of

is

AUGUST 12, 1980
REGULAR SESSION

The Roane County Commission met this 12th day of August, 1980 in Regular Session. Members present were George Looney, President, George Chandler, and Lee Ellis.

~~George Looney made a motion, seconded by George Chandler to appoint Lee Ellis to head-up a 4-H Grounds project with help from the other Commissioners.~~

~~Jim Crowder approached the Commission requesting that he be allowed to hire extra help for this year's appraisal. Request was approved by the Commission.~~

~~Grover Anderson appeared before the Commission with some estimates for the improvements on the jail.~~

~~Jack Greathouse appeared before the Commission about his servicing 7 fire extinguishers at the 4-H Grounds. He also asked the Commission for a 1-year contract for servicing the extinguishers for the same. The commission stated that a bid would have to be put out on such a contract.~~

~~Mrs. Jack Greathouse appeared before the Commission with complaints about the 4-H Grounds. The Commission listened to the complaints and stated that a project as in the making. Discussion was held and a special meeting to discuss the 4-H Grounds was set for August 25, 1980 at 7:00 p.m. at the 4-H Grounds.~~

~~Ken Mollohan appeared before the Commission on behalf of The Southern Roane County Midget Football League. The Commission told Mr. Mollohan that they could schedule their games at the 4-H Grounds as long as there was nothing else scheduled at the grounds at the same time.~~

~~The Roane County Senior Citizens appeared before the Commission requesting that the Commission commit themselves to provide \$ of \$4,500.00 that the Senior Citizens need to complete the purchase of a house. A Motion made by George Looney and seconded by Lee Ellis to commit themselves for the \$ of the above amount. The vote was unanimous.~~

~~Dr. Aaron Cottle appeared before the Commission with a report on the Roane County.~~

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2207 /

IN THE COUNTY COMMISSION OF ROANE COUNTY, WEST VIRGINIA.

RE: CLOVER PUBLIC SERVICE DISTRICT.

On this 9th day of September, 1980, at a regular session of this Commission, there came on for hearing before this Commission, the question of consideration and determination of the feasibility of establishment of the Clover Public Service District.

It appearing to the Commission that such creation was by this Commission in its own motion, and that the Clerk of this Commission has caused a notice of the intent of this Commission to establish such Public Service District to be published and posted according to law, as shown by the certificate of publication of such notice and the affidavit of the Clerk which are ordered filed herein, and it further appearing that no Petition of 30 per cent or more of the qualified voters registered and residing in said proposed District has been filed with the Clerk of this Commission or with this Commission, and that such publication and posting gave this time and place for such hearing, consideration and determination, the Commission did proceed to hear all persons appearing for and against the establishment of such Public Service District.

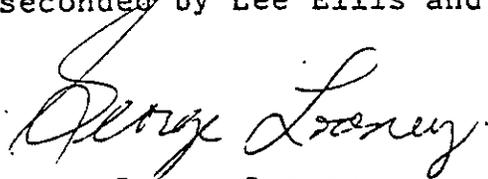
At such hearing, it appears to this Commission that there is no legal protest to the establishment of The Clover Public

Spencer, West Virginia, dated May 1980, and filed in the Office of the Clerk of the County Commission of Roane County, West Virginia.

And further moved that the Clerk of this Court do cause this order to be published as a Class I Legal Advertisement in The Times Record, a newspaper of general circulation in said Roane County, and cause the same to be posted in five (5) conspicuous places of said proposed district.

And further moved that all persons residing in or owning or having any interest in property in such proposed public service district, shall have the opportunity to be heard for and against the creation of said District, and that this public hearing be held on the 9th day of September, 1980, at 9:00 A.M., the next regular session of this Commission, to consider and determine the feasibility of creating said proposed district, and that all persons desiring to be heard on the question of establishment of said district, are hereby notified to be present.

Which said motion was seconded by Lee Ellis and passed unanimously.



George Looney
President

their games at the same time.

The Roane County Senior Citizens appeared before the Commission requesting that the Commission commit themselves to provide 1/4 of \$4,500.00 that the Senior Citizens need to complete the purchase of a house. A Motion made by George Looney and seconded by Lee Ellis to commit themselves for the 1/4 of the above amount. The vote was unanimous.

Dr. Aaron Cottle appeared before the Commission with a report on the Roane County Ambulance Service.

Dr. Cottle also requested that the Commission pay the balance due on the truck that was purchased by the Spencer Roane Volunteer Fire Department and also pay half of the repair bill. A motion was made by George Looney and seconded by George Chandler to pay the balances due.

Dr. Cottle appeared on behalf of the Roane County Health Department concerning the deficit in their budget. The Commission unanimously agreed to transfer \$6,550.00, which had been budgeted for their utilities, to the Health Department for them to pay their own utilities; instead of the utilities being paid from the Clerk's office.

The Commission agreed for the Health Department to proceed with the annexation of the Health Department to the City Limits.

Wilbur Webb appeared before the Commission on behalf of the Clover Public Service District. Upon motion George Chandler and seconded by Lee Ellis it was agreed to establish the above mentioned district. Unanimously approved.

COUNTY CLERK'S CERTIFICATION

STATE OF WEST VIRGINIA

County of Roane, I, Gene M. Ashley, Clerk of the County Commission of Roane County, the same being a Court of Record, having the custody of the Files, Journals and Records of said Court, do certify that the foregoing is a true and accurate copy as the same appears of record and I further certify that I have carefully compared the foregoing copy with the original record, and that the same is a full and correct transcript thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Commission, at Spencer, Roane County, West Virginia, this 30th day of June, 1981

Court Order Book 25
Page 330-D
331

Gene M. Ashley
Clerk County Commission, Roane Co.

By Margaret A. [Signature]
Deputy

SEAL

ORDER BOOK 25 P. 332

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA.

COUNTY OF Roane to-wit:

I, T. C. Evans, Jr. being

first duly sworn upon my oath, do depose and say that I am Legal Advertising Manager

IN THE COUNTY COMMISSION
OF ROANE COUNTY,
WEST VIRGINIA

ORDER

On this 12th day of August, 1980, George A. Chandler moved that this Commission create within the said Roane County, the Clover Public Service District, a Governmental Corporation, and that the territory to be improved by said District be as follows:

BOUNDARY DESCRIPTION PROPOSED CLOVER PUBLIC SERVICE DISTRICT

BEGINNING at the intersection of West Virginia Route 36 and an unnamed stream flowing northeast from Turkey Knob, said point being approximately 1600 feet in a direct southeasterly direction from the intersection of U.S. 119 and West Virginia Route 36; thence, in a Northeasterly direction and perpendicular to the centerline of West Virginia Route 36, a distance of 1000 feet to a point; thence, generally in a Southeasterly direction along a line 1000 feet parallel to and East of the centerline of West Virginia Route 36, a distance of approximately 42,000 feet to its intersection with the Left Fork of Rush Run; thence, in a Westerly direction perpendicular to the centerline of Route 36, a distance of 1000 feet to a point; thence generally in a Northerly direction along a line parallel to and West of the centerline of Route 36, a distance of approximately 42,000 feet to the point of beginning. The herein described boundary contained 1940 acres, more or less, as shown on a map prepared by Hildreth Engineering, Spencer, West Virginia, dated May, 1980, and filed in the Office of the Clerk of the County Commission of Roane County, West Virginia.

And further moved that the Clerk of this Court do cause this order to be published as a Class I Legal Advertisement in the Times Record, a newspaper of general circulation in said Roane County, and cause the same to be posted in five (5) conspicuous places of said proposed district.

And further moved that all persons residing in or owning, or having any interest in property in such proposed public service district, shall have the opportunity to be heard for and against the creation of said District, and that this public hearing be held on the 9th day of September, 1980, at 9:00 A.M., the next regular session of the Commission, to consider and determine the feasibility of creating said proposed district, and that all persons desiring to be heard on the question of establishment of said district, are hereby notified to be present.

Which said motion was seconded by Lee Ellis and passed unanimously.

George Looney
President

8-21-80; it; chg; TR

of Spencer Newspapers, Inc., a corporation, publisher of the Newspaper entitled Times Record, a Republican newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Spencer, Roane County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county and adjoining counties of Roane; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of Clover Public Service

District

was duly published in said newspaper once a week for one successive week (Class I-0),

commencing with the issue of the 21st day of August, 1980, and ending with the

issue of the 21st day of August, 1980 (and was posted at the _____

_____ on the _____ day of _____, 19____; that said annexed

notice was published on the following dates: August 21, 1980

and that the cost of publishing said annexed notice as aforesaid was \$20.72

T. C. Evans, Jr. Legal Advr. Mgr.

Taken, subscribed and sworn to before me in my said county this 6th day of February, 1985

My commission expires Oct. 21, 1990

Susan Jean Eicheberg
Notary Public of Roane County,
West Virginia

REGULAR SESSION
SEPTEMBER 9, 1980

The Roane County Commission met this 9th day of September, 1980.. Members present were George Chandler and Lee Ellis. George Chandler was appointed President Pro-Tem in the absence of George Looney.

A motion made by George Chandler and seconded by Lee Ellis to give the Committee on Aging \$1,000.00 for operation of the bus.

The following bids were opened for jail improvement:

Olen Archer-Reedy	\$7,178.00
Jack Martin-Walton	12,000.00
Jack Phillips	6,056.00
Holly Chapman-Spencer	8,400.00
Roane Roofing-Spencer	7,985.00

Court agreed to meet with Sheriff and make decision later on bids. (Jack Phillips awarded bid.)

Tom Hardman appeared before Commission asking permission to use kitchen in Jailers quarters for making of ice cream by Gilmer Co. F.F.A. during the Black Walnut Festival. Permission granted.

Robey Knight & Grover Anderson appeared asking for two dispatchers on County Payroll. O.K. at \$530.00 per month each.

Permission granted to sheriff to keep office open 9-14-15-16-80 for the sale of license plates only.

Clover Public Service District approved. Appointed to board: Wheeler Hall-6 years
Mearl Halcomb-4 years and Warren Schreckengost-2 years.

Library Budget was increased to \$33,500.00 to be paid quarterly.

The following are members of 4-H-Committee: Lee Ellis, Ronnie Atkinson, Jee-Evans, Neil Hedrick, Jane George, and Delmas-Kyer.

332

ORDERS, County Court, Roane County, W. Va.

Term _____ day of _____ 1980

REGULAR SESSION SEPTEMBER 9, 1980

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Library Budget was increased to \$33,500.00 to be paid quarterly.

The following are members of the Committee: Lec Ellis, Ronnie Atkinson, Lee Evans, Neil Hedrick, Jane George, and Delmas Kyer.

9

IN THE COUNTY COMMISSION OF ROANE COUNTY, WEST VIRGINIA.

RE: CLOVER PUBLIC SERVICE DISTRICT.

On this 9th day of September, 1980, at a regular session of this Commission, there came on for hearing before this Commission, the question of consideration and determination of the feasibility of establishment of the Clover Public Service District.

It appearing to the Commission that such creation was by this Commission in its own motion, and that the Clerk of this Commission has caused a notice of the intent of this Commission to establish such Public Service District to be published and posted according to law, as shown by the certificate of publication of such notice and the affidavit of the Clerk which are ordered filed herein, and it further appearing that no Petition of 30 per cent or more of the qualified voters registered and residing in said proposed District has been filed with the Clerk of this Commission or with this Commission, and that such publication and posting gave this time and place for such hearing, consideration and determination, the Commission did proceed to hear all persons appearing for and against the establishment of such Public Service District.

At such hearing, it appears to this Commission that there is no legal protest to the establishment of The Clover Public

Service District by registered qualified voters residing in the area so defined in the proceeding, it is ordered that the Public Service District is established.

It is further ordered that such District shall be known as:

1. Clover Public Service District.

2. That it shall be a public Corporation and a political subdivision of this Commission.

3. That the boundary of said District is as follows:

Beginning at the intersection of West Virginia Route 36 and an unnamed stream flowing northeast from Turkey Knob, said point being approximately 2600 feet in a direct southeasterly direction from the intersection of U.S. 119 and West Virginia Route 36; thence, in a Northeasterly direction and perpendicular to the centerline of West Virginia Route 36, a distance of 1000 feet to a point; thence, generally in a Southeasterly direction along a line 1000 feet parallel to and East of the centerline of West Virginia Route 36, a distance of approximately 42,000 feet to its intersection with the Left Fork of Rush Run; thence, in a West-erly direction perpendicular to the centerline of Route 36, a distance of 1000 feet to a point; thence generally in a Northerly direction along a line parallel to and West of the centerline of Route 36, a distance of approximately 42,000 feet to the point of beginning. The herein described boundary contained 1940 acres, more or less, as shown on a map prepared by Hildreth Engineering,

Spencer, West Virginia, dated May 1980, and filed in the Office of the Clerk of the County Commission of Roane County, West Virginia, and more particularly described on a map or plat hereto attached and made a part hereof.

4. That said Public Service District shall have a perpetual successor without power to levy, collect and valorem taxes, but shall have all power conferred on it by the laws of this state.

5. That all powers of such Public Service District shall be vested in and exercised by the Clover Public Service Board, consisting of three members.

6. Thereupon, the Court did appoint as members of said Public Service Board, the following persons for term as follows:

✓ Wheeler Hall	For six years,
✓ Mearl Halcomb	For Four years, and
✓ Warren Schreckenghost	For Two years,

who shall forthwith appear before the Clerk of this Commission and qualify by taking the oath of office.

Done in open Court this 9th day of September, 1980.

Liana Alford
President

ATTEST:

John C. Backhouse
Clerk

COUNTY CLERK'S CERTIFICATION

STATE OF WEST VIRGINIA

County of Roane,

I, Gene M. Ashley, Clerk of the County Commission of Roane County, the same being a Court of Record, having the custody of the Files, Journals and Records of said Court, do certify that the foregoing is a true and accurate copy as the same appears of record and I further certify that I have carefully compared the foregoing copy with the original record, and that the same is a full and correct transcript thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Commission, at Spencer, Roane County, West Virginia, this 30th day of

June, 1981

Court Order Book 25

SEAL

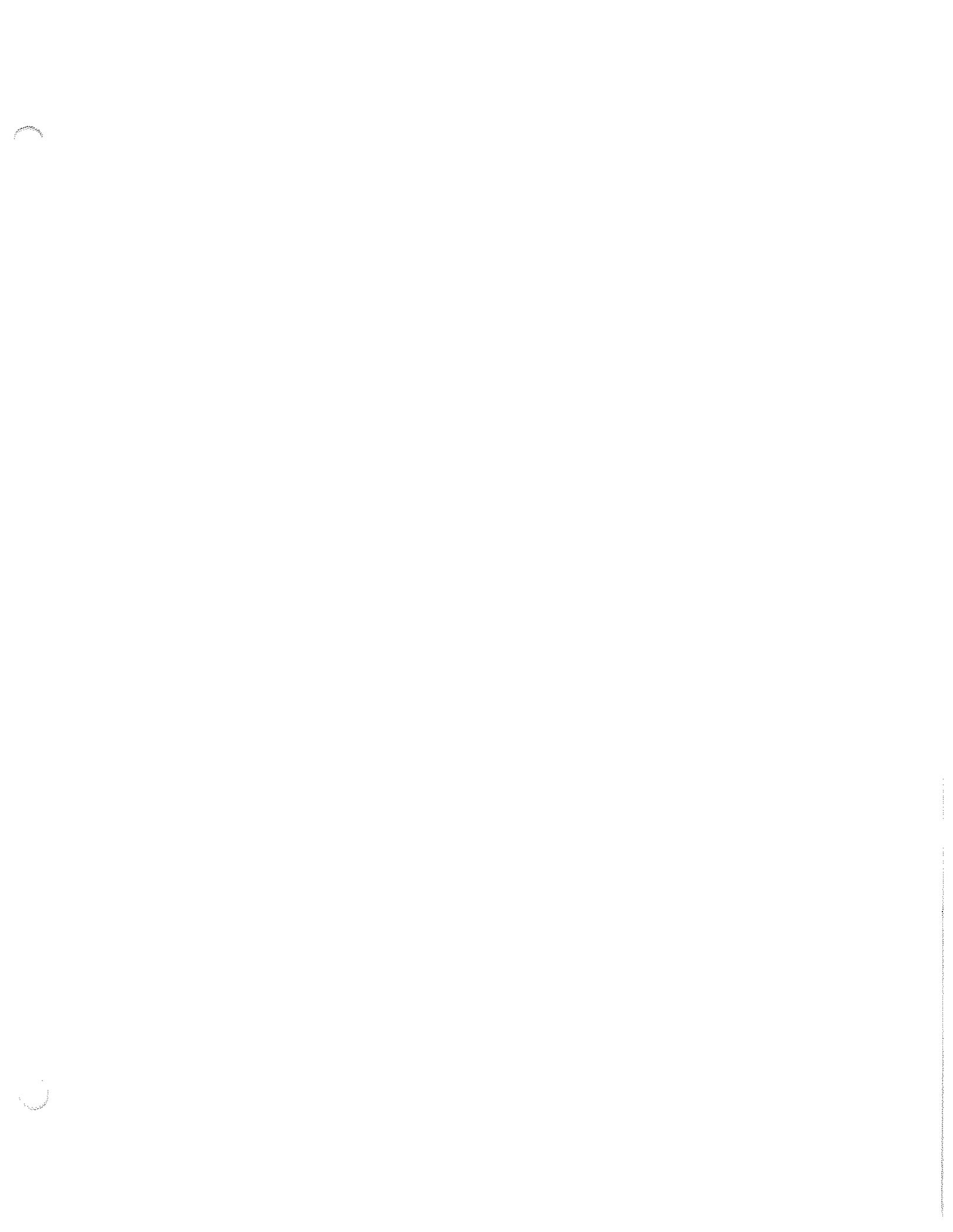
page 332

Gene M. Ashley

Clerk County Commission, Roane Co.

By

Margaret A. Sturmon
Deputy



ORDERS. County Commission, Roane County, W. Va. 105

SPECIAL SESSION AUGUST 28, 2000 1:00PM

A Special Session of the Roane County Commission was held this the 28th day of August, 2000, for the purpose of signing the contract with the WV Development Office for the Reedy Hazard Mitigation Project. Notices had been posted and the local news media had been notified pursuant to WV Code 7-1-2. Commissioners present were President Larry White, Quellen Keith, and Richard Lance. President Larry White called the meeting to order at 1:03PM.

Pam King of the WV Development Office and Earl Lucas of MOVRC were present.

President Larry White had a few questions for Pam King about a few of the clauses in the contract. President White asked about the Lead Base Poison Prevention Act clause. Ms. King answered from the Federal Register, which stated that unoccupied housing to be demolished is exempt from the federal regulations on lead base poison. The second question concerned the need for the property owner and insurance during the buyout. Ms. King stated that the homeowner needed to retain their homeowner and flood insurance during the 30 to 60 day time period for relocation. She also said that extenuating circumstances might allow for a longer period for relocation.

President Larry White asked Ms. King if the land that the Roane County Commission would own after the demolition of houses would have to be leased or could it be sold. She answered that the federal government recommends that the land be leased but it can be sold. In either case the land can only be used for recreation or wetland management. In answering a question about record retention, Ms. King stated that if any litigation or complaint is filed within three years of completion of the buyout, then the records for that particular case needed to be retained until the litigation is resolved.

Quellen Keith moved to adopt a Resolution approving the contract with the West Virginia Development Office for the Reedy Hazard Mitigation and to authorize the President of the Roane County Commission to sign. Richard Lance seconded, vote affirmative. (Copy attached)

Richard Lance moved to adopt a Resolution for an administrative services agreement with MOVRC (Mid Ohio Valley Regional Council) for the HUD contract. Quellen Keith seconded, vote affirmative. (Copy attached)

Quellen Keith moved to adjourn at 1:37PM. Richard Lance seconded, vote affirmative.

Larry W. White, President

REGULAR SESSION SEPTEMBER 12, 2000

The first regular September session of the Roane County Commission was held this the 12th day of September, 2000. Commissioners present were President Larry White, Quellen Keith, and Richard Lance. President Larry White called the meeting to order at 7:00PM with the Pledge of Allegiance.

Quellen Keith moved to approve the minutes of previous meetings as presented. Richard Lance seconded, vote affirmative.

Earl Lucas of MOVRC presented some resolutions concerning Reedy Hazard Mitigation and reported that there were two proposals for review appraisals for the project. Camp Appraisals of Parkersburg submitted a proposal of \$100 per review appraisal and Blue Ridge Appraisal Service of Jackson County had submitted a proposal of \$75 per review appraisal. Commissioners asked Mr. Lucas if he had any references on Blue Ridge Appraisal Service. As he did not, President Larry White asked Administrative Assistant Julia Whiting and OES Director Rob Miller to go to the clerk's office and phone either the Jackson County OES director or Jackson County Commissioner Jim Waybright to see if they had worked with them.

Richard Lance moved to adopt a Resolution for the HUD Reedy Flood Mitigation Program to comply with all HUD regulations as presented by MOVRC and to authorize the President of the Roane County Commission to sign. Quellen Keith seconded, vote affirmative. (Copy attached)

Richard Lance moved to authorize the President of the Roane County Commission to send a letter to the Roane County Library Board, authorizing them to sublet the Health Care facility at Geary to Family Health Care through June 30, 2001, renewable annually for a 25 year period. Quellen Keith seconded, vote affirmative.

President Larry White reported on needed repairs to the Adult Probation office in the old jail area. Contractor James H. Harris presented a proposal for a partition wall, door frame, and electrical work in the amount of \$1,898.00.

Quellen Keith moved to approve James H. Harris to do renovations in the old jail area as presented in his quote of \$1,898.00. Richard Lance seconded. In discussion, Quellen Keith amended the motion for the work to be completed by October 15, 2000. Richard Lance seconded the amended motion, vote affirmative.

President Larry White reported that the exterior light on the front of the Courthouse had been repaired. Commissioner Richard Lance recommended having an electronic eye installed to turn the lights on and off after the contract is completed and paid in full.

In discussion on the Courthouse exterior, the benches in front of the Courthouse were discussed. Mayor Terry Williams of Spencer had offered two benches that had no backs, and Commissioner Keith was not in favor of these. President Larry White stated that he was not in favor of putting benches back in front of the Courthouse because of a loitering and litter problem (such as cigarette butts). Donald Crites spoke in favor of replacing the benches and asked if the benches that were removed should not be covered by insurance. President White answered that the Roane County Commission had instructed the contractor to remove the four benches, and if any were removed intact they should be taken to the Roane County Committee on Aging property. He said that all 4 benches were destroyed in removing them and that there should not be an insurance claim on them. General consensus of all three Commissioners was to not install benches.

Road names and an orphan road application were discussed. Mr Wheeler Hall asked for Commissioners to sign a petition for Clover Cemetery Road to be adopted into the orphan road program. This road borders some property owned by the Roane County Commission.

Richard Lance moved to approve the petition for Clover Cemetery Road to be taken into the orphan road system and for all 3 Roane County Commissioners to sign. Quellen Keith seconded, vote affirmative.

Richard Lance moved to reappoint Mike King to the Clover PSD for a 6 year term, retroactive to September 1, 2000. Quellen Keith seconded, vote affirmative.

Richard Lance moved to approve the Democratic Poll Workers for the General Election on November 7, 2000, as presented by the Roane County Democrat Executive Committee to the county clerk. Quellen Keith seconded, vote affirmative. (Copy attached)

Quellen Keith moved to approve the Republican Poll Workers for the General Election on November 7, 2000, as presented by the Republican Executive Committee to the county clerk. Richard Lance seconded, vote affirmative. (Copy attached)

President Larry White reported that there were 3 applicants for an appointment to the LEPC (Local Emergency Planning Commission): Sally Anderson, Jim Weekley, and Ray Dietz.

Quellen Keith moved to appoint Ray Dietz to the LEPC. Richard Lance seconded, vote affirmative.

An appointment to the Roane County Parks & Recreation Commission was held over until the regular session on October 10, 2000.

REGULAR SESSION OF THE ROANE COUNTY COMMISSION AUGUST 25, 1998 CONT
 the August 15th pay checks it be effective on the last pay in August.
 Seconded by Larry White, vote affirmative.

President White gave an update off an ADA meeting which he had attended earlier in the day at Flatwoods, WV.

Jim Ward Fire Chief of the newly formed Clover VFD was present to give an update on the progress of the Department.

President White reported that Joe Craddock had declined to make a recommendation for the courthouse telephone system.

Quellen Keith moved that the Commission accept the 2nd quote received from Lucent Technologies, from Dunbar, WV, for the new phone system in the sum of \$16,307. and the President be authorized to execute the contract. Motion seconded by Larry White, vote affirmative.

Letters of resignation from EMS Board of Director members Ken Stewart and Darrell Atkinson were received.

Quellen Keith moved that the resignations of Ken Stewart and Darrell Atkinson be accepted. Seconded by Larry White, vote affirmative.

Quellen Keith moved to appoint the following as members to the EMS Board of Directors: Dolores Atkinson, John Varda and David Hedges be named as new members to the EMS Board of Directors for 3 year terms effective September 1, 1998. Seconded by Larry White, vote affirmative.

Quellen Keith moved the Chasity Drake be approved as a full time employee of E911 effective September 1, 1998; that Nenita Lee be approved as Deputy County Clerk effective August 11, 1998; and that Rachel Dawn Harris as Deputy Assessor effective September 1, 1998. Seconded by Larry White, vote affirmative.

Quellen Keith moved to accept the proposal for the sum of \$4,950. dated August 25, 1998, of Jerry Goff Architecture to develop specifications and bid packages suitable to receive proposals from general contractors for the replacement of the deteriorated marble trim on the courthouse with EFIS (E-FIS). Seconded by Larry White, vote affirmative.

Quellen Keith moved to approve reimbursement to Consumers Gas for a 1/3 share of repairs made to the communications building located on Colt Ridge. A one-third share being \$1,650. Seconded by Larry White, vote affirmative.

Quellen Keith moved that President White be authorized to write a letter in support of a mutual agreement between the Frame and Walton Volunteer fire Departments stating that Frame VFD would be first response to cover Long Ridge Road from the Kanawha-Roane County Line to the intersection of Long Ridge Road and Frame Road. Motion seconded by Larry White, vote affirmative.

Quellen Keith moved that Wheeler Hall be reappointed for another 6 year term to the Clover PSD Board. Seconded by Larry White, vote affirmative. (Term 9-1-98 to 8-31-2004.)

Quellen Keith moved to close the courthouse on Saturday, September 5, 1998. Seconded by Larry White, vote affirmative.

President White stated that a written resignation had not been received to date from Commissioner Orton Jones and requested that this be the #1 priority item on the September 8th regular session agenda.

Prosecuting Attorney Larry Whited informed the Commission that Commissioner Jones' resignation may have been constructively accepted by the Commission by them not tendering him his monthly statutory compensation.

County Clerk Loretta Knapp reported that voting precinct #32, the old Walton High School, had recently been sold and would not be available for use during the November 3, 1998, General Election.



State of West Virginia,

County of Roane, to-wit:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Clover PSD in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant) Wheeler G. Hall
Wheeler G. Hall

Subscribed and sworn to before me, in said County and State, this 23rd day of September 19 92.

Charlene M. Stewart

WEST VIRGINIA,

Roane County Commission Clerk's Office, 19

This day the foregoing oath and certificate was duly admitted to record herein.

Attest:

Loretta J. Knapp
Clerk County Commission.

State of West Virginia,

County of Roane, to-wit:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Assessor in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant) Walter B. Combs

Subscribed and sworn to before me, in said County and State, this 21st day of December 19 92.

Loretta J. Knapp

WEST VIRGINIA,

Roane County Commission Clerk's Office, December 21, 19 92.

This day the foregoing oath and certificate was duly admitted to record herein.

Attest:

Loretta J. Knapp
Clerk County Commission.

State of West Virginia,

County of Boone, to-wit:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of CLOVER PSD BOARD MEMBER in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant)

James J. Wall

Subscribed and sworn to before me, in said County and State, this 12th day of DECEMBER 19 96

Margaret A. Stearns

WEST VIRGINIA,

Roane County Commission Clerk's Office, December 12 19 96

This day the foregoing oath and certificate was duly admitted to record herein.

Attest:

Loretta J. Hays
Clerk County Commission

State of West Virginia,

County of Boone, to-wit:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Deputy Sheriff in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant)

J. L. Myers

Subscribed and sworn to before me, in said County and State, this 2nd day of Jan 19 97

Margaret A. Stearns
Deputy

WEST VIRGINIA,

Roane County Commission Clerk's Office, January 2 19 97

This day the foregoing oath and certificate was duly admitted to record herein.

Attest:

Clerk County Commission.

State of West Virginia,

County of Roane, in-suit:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Clover PSD Board Member in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant) Michael F. King

Subscribed and sworn to before me, in said County and State, this 5th day of June 19 96

Loretta J. Knapp

WEST VIRGINIA,

Roane County Commission Clerk's Office, June 5, 19 96

This day the foregoing oath and certificate was duly admitted to record herein.

Attest: Loretta J. Knapp
Clerk County Commission.

State of West Virginia,

County of Roane, in-suit:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Walton PSD Board Member in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant) Lloyd B. Naylor

Subscribed and sworn to before me, in said County and State, this 28th day of August 19 96

Loretta J. Knapp

WEST VIRGINIA,

Roane County Commission Clerk's Office, August 19 96

This day the foregoing oath and certificate was duly admitted to record herein.

Attest: Loretta J. Knapp
Clerk County Commission.

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CLOVER PUBLIC SERVICE DISTRICT
2410 CLAY ROAD
SPENCER, WV 25276

Revised July 6, 2000 at the regular meeting of the Clover Public Service District Board.

Rules Of Procedure
Clover Public Service District

Article I

Name and Place of Business

Section 1. Name: Clover Public Service District

Section 2. The principal office of this Public Service District will be located at 2410 Clay Road Spencer, WV 25276.

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Clover Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

Article II

Purpose

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

Article III

Membership

Section 1. The members of the Public Service Board of this District shall be those persons appointed by the County Commission of Roane County, who shall serve for such terms as may be specified in the order of the County Commission. Members must reside in the district as approved by the County Commission.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission and request the appointment of a qualified person to fill such vacancy. Prior to the end of the

term of any member of the Public Service Board, the Secretary shall notify the County Commission of the pending termination and request the County Commission to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

Article IV

Meetings of the Public Service Board

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the first Thursday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following week. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. A notice posted in Clover Public District Office shall be required for regular meetings. The notice of any special meeting shall state the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Public Notice of Meetings

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such public service board, and the time, place and purpose of all special sessions of such public service board shall be made available to the public and news media as follows:

A. A notice shall be posted by the Secretary of the public service board of such Public Service District at the front door of the Roane County Courthouse of the time and place fixed and entered of record by the public service board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front door of the Courthouse as soon as feasible after such cancellation or postponement has been determined upon.

PSD "SUNSHINE LAW" REGULATIONS

Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, the public service board of The Clover Public Service District does hereby adopt the following rules to make available, in advance, the time and place of all regularly scheduled sessions of such public service board, and the time, place and purpose of all special sessions of such public service board to the public and news media:

1. A notice shall be posted by the Secretary of the public service board of such Public Service District at the front door of the Roane County Courthouse of the time and place fixed and entered of record by the public service board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front door of the Courthouse as soon as feasible after such cancellation or postponement has been determined upon.
2. A notice shall be posted by the Secretary of the public service board at the front door of the Roane County Courthouse at least forty-eight hours before a special session is to be held, stating the time, place, and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front door of the Courthouse as soon as feasible after such cancellation has been determined upon.

B. A notice shall be posted by the Secretary of the public service board at the front door of the Roane County Courthouse at least forty-eight hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front door of the Courthouse as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

Clover Public Service District

Notice of Special Session

The public service board of The Clover Public Service District will meet in special session on _____, _____, 19____, at _____ .m., E__T, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of _____ facilities of the District.

2.

Secretary

Date: _____

Article V

Officers

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The Officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected as hereinabove provided.

Article VI

Duties of Officers

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these by-laws, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

Article VII

Amendments to Rules of Procedure

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

 Chairman

 Secretary



CLOVER PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF PARITY WATER REVENUE BOND, SERIES 2001, OF THE CLOVER PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF \$285,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR INTERIM CONSTRUCTION FINANCING; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDER OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CLOVER PUBLIC SERVICE DISTRICT, SPENCER, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, as amended (the "Act") and other applicable provisions of law.

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

A. Clover Public Service District (the "PSD" or "Issuer") is a public service district created pursuant to the Act by orders issued by The County Commission of Roane County, located in Roane County, West Virginia.

B. The Issuer now has a public water system and desires to improve and expand that system and it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments and improvements to the existing public water system of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to improve the public health, comfort and convenience of residents of the Public Service District, including the construction and installation of all necessary appurtenant facilities (the "Project"), and generally described as water line extensions, pumps, pumping

stations, water plant improvements and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer for the Project and heretofore filed in the office of the Secretary/Treasurer of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the aggregate principal amount of \$285,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$3,000,000, which will be obtained from the proceeds of sale of the Series 2001 Bond herein authorized, from grants to be made by RUS, as hereinafter defined, and by the State of West Virginia, in the amounts of \$1,540,000 and \$1,175,000, respectively. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or any interest therein; interest on the Bond prior to, during and for six (6) months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

F. There are currently outstanding other obligations of the Issuer with which the Bond will rank on a parity as to lien and source of and security for payment, which are the Water Revenue Bond of the Issuer issued under authority of a resolution dated August 15, 1985 (the "1985 Bond"), issued in the original principal amount of \$152,000 and secured under the terms of the 1985 Resolution (hereinafter defined), and the Water System Bond of the Issuer, issued under authority of a resolution dated January 9, 1991 (the "1991 Bond"), issued in the original principal amount of \$88,000 and secured under the terms of the 1991 Resolution (hereinafter defined).

With the exception of the bonds described above, there are no other outstanding bonds or obligations of the Issuer, which will rank prior to or on parity with the Bond as to lien, pledge and/or source of and security for payment.

G. The Issuer is not in default under the terms of the 1985 Resolution or the 1991 Resolution or any documents in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and

maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the imposition of rates and charges, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order.

J. It is in the best interests of the Issuer that the Bond be sold to the United States Department of Agriculture, Rural Development, acting on behalf of the Rural Utilities Service (the "Purchaser" or "RUS"), pursuant to the terms and provisions of a letter of conditions dated June 22, 1999, and Amendment No. 1 thereto dated June 6, 2000, and all amendments thereto (the "Letter of Conditions").

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code, as amended.

"2001 Bond", "2001 Series Bond" or "Bond" means the \$285,000 Clover Public Service District, Water Revenue Bond, Series 2001, authorized by this resolution.

"Bonds" means the 1985 Bonds, the 1991 Bonds and the 2001 Bond.

"1985 Bonds" means the outstanding Bonds of the Issuer dated August 15, 1985, described in Section 1.02 F. herein.

"1991 Bonds" means the outstanding Bonds of the Issuer dated January 9, 1991, described in Section 1.02 F. herein.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Boyles and Hildreth, Consulting Engineers, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

"Depository Bank" means initially the Traders Bank, Spencer, West Virginia, a bank or trust company which is a member of FDIC and its successors and assigns or such other qualified bank or trust company designated now or hereafter by Issuer.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Public Service Board of the Issuer.

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

"Herein" means in this Resolution.

"Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Issuer" or "PSD" means Clover Public Service District, Roane County, West Virginia, and, where appropriate, also means the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the United States Department of Agriculture, dated June 22, 1999, and Amendment No. 1 thereto dated June 6, 2000, and any other amendments thereto.

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

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

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

"Purchaser", "RUS", acting on behalf of the Rural Utilities Service, means United States of America, Rural Utilities Service and any successor thereof.

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

(a) Government Obligations;

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

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

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

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

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

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

prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

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

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

"Registrar" or "Bond Registrar" means the Issuer, which shall act by its Secretary/Treasurer.

"Resolution" means this Resolution and all resolutions supplemental hereto.

"1985 Resolution" means the resolution providing for the 1985 Bonds, adopted August 15, 1985.

"1991 Resolution" means the resolution providing for the 1991 Bonds, adopted January 9, 1991.

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

"Secretary/Treasurer" means the Secretary/Treasurer of the Governing Body.

"System" means the Project initially, and all existing water facilities owned by the Issuer and all Facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a public water system; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

"Tap Fees" means the fees, if any, paid by prospective customers of the system in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations; words importing the masculine, feminine or neuter genders shall include any other gender; and any requirement for execution, sealing and/or attestation of the Bond or any certificate or other document by the

Secretary/Treasurer shall mean that such Bond certificate or other document may be executed, sealed and/or attested by an Acting Secretary/Treasurer.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$3,000,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article V hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer to be known as "Clover Public Service District Water Revenue Bond, Series 2001" in the principal amount of \$285,000, is hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bond. The Bond shall be issued as a single registered form, No. R-1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at a maximum rate of four and one half percent (4.50%) per annum or such lower rate that RUS will make available at closing, and shall be sold for the par value thereof but in no event greater than four and one half percent (4.50%) per annum.

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

Section 3.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary/Treasurer, and the Chairman and the Secretary/Treasurer are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Resolution.

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

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

Section 3.05. Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept by its agent at its office, sufficient books for the registration and transfer of the Bond, and upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his, her or its ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a parity lien with the 1990 Bonds and the 1997 Bonds on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay

the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any supplemental resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2001

No. R-1

Date: _____, 2001

FOR VALUE RECEIVED, the CLOVER PUBLIC SERVICE DISTRICT, a public service district created pursuant to the Act by orders issued by The County Commission of Roane County, in Roane County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Eighty-five Thousand and 00/100 Dollars (\$285,000), plus interest on the unpaid principal balance at the rate of four and one half percent (4.5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$1,309.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder

promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development, acting on behalf of the Rural Utilities Service, successor in interest to the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1985, AND THE WATER SYSTEM BOND, SERIES 1991, OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SUCH SERIES.

The initial address of United States Department of Agriculture-Rural Development for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

IN WITNESS WHEREOF, the CLOVER PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary/Treasurer, all as of the date hereinabove written.

CLOVER PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman
2410 Clay Road
Spencer, WV 26276

ATTEST:

By: _____
Secretary/Treasurer

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

DATED: _____

In the presence of:

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain costs of the Project pending receipt of the gross proceeds of the Bond, the Issuer may issue and sell its Note or Notes (the "Notes"), in an aggregate principal amount not to exceed \$285,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the supplemental resolution.

Section 4.02. Terms of and Security for Notes. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in this Resolution or in a supplemental resolution.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the proceeds of the Bonds, grant proceeds, surplus revenues, letter of credit proceeds, if any, and other sources. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the supplemental resolution.

Section 4.04. Execution of Documents. The Notes, Credit Agreement and any other documents required to be executed by the commercial bank or other lender shall be executed in the name of the Issuer by the Chairman, and the Chairman and Secretary/Treasurer are hereby authorized to execute any Note, Notes, Credit Agreement or any other documents necessary to secure the interim financing.

ARTICLE V

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

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 1985 Resolution or the 1991 Resolution) and shall be held by the Depository Bank or the West Virginia Municipal Bond Commission (the "Bond Commission"), separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the 1985 Resolution and continued hereby);

- (2) Project Construction Account;
- (3) Reserve Fund (established by the 1985 Resolution and continued hereby);
- (4) Depreciation Reserve (established by the 1985 Resolution and continued hereby); and

Section 5.02. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond shall be deposited upon receipt by the Issuer in the Depository Bank, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "Clover Public Service District Water System Construction Account (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. The Issuer shall expend moneys in the Project Construction Account solely for the purposes provided herein.

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

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Qualified Investments.

Pending application as provided in this Section 5.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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

Section 5.03. Covenants of the Issuer as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established with the Depository Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be

kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority subject to the provisions of Section 3.02 of the 1985 Resolution and the 1991 Resolution:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest on the Bond, and to amortize the principal of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest the Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amount thereof outstanding and on parity with each other. There is hereby created a sinking fund at the Depository Bank into which the Issuer shall deposit sufficient amounts from the Revenue Fund to pay the interest on the Bonds and to amortize the principal of the Bonds over the remaining respective lives of each Bond issue. As long as the Government owns the Bonds, such deposits can be replaced by the remittances described above.

(3) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Bond Commission for deposit in the Reserve Fund herein created .4167% of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest which will become due on the Bonds in any year until the amount in the Reserve Fund equals such maximum amount (the "Reserve Requirement"). After the Reserve Requirement has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Reserve Requirement. Moneys in the Reserve Fund shall be used solely to make up any deficiency in monthly payments of the principal of and interest on the Bonds as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(4) The Issuer shall maintain in the Depreciation Reserve the aggregate sum of \$43,500, as required by the 1985 Resolution and the 1991 Resolution. The Issuer shall next, on each date that payments are made as set forth in (2) and (3) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve Fund .4167% of the amount of the Reserve Requirement. After the Reserve Requirement has been met, as set forth in (3) above, the Issuer shall transfer each month from the Revenue Fund to the Depreciation Reserve Fund .8333% of the amount of the Reserve Requirement. Moneys in the Depreciation Reserve Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or

sums transferred therefrom other than pursuant to Section 3.02 of the 1985 Resolution and the 1991 Resolution, all on a pro rata basis. Thereafter, withdrawals and disbursements may be made from the Depreciation Reserve Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Fund (except to the extent such deficiency exists because the required payments into such fund have not, as of the date of determination of a deficiency, funded such fund to the maximum extent required hereof) shall be promptly eliminated, on a pro rata basis amount, as of the date of calculation, equal to the maximum aggregate amounts of principal and interest which will become due on the Bonds in any year until the amounts in the Reserve and Depreciation Reserve Funds equal such maximum amounts. All funds in the Depreciation Reserve Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Section 5.03 hereof.

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

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

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

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

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the 1985 Resolution and the 1991 Resolution, the Depository Bank and the Bond Commission, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Reserve Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Resolution shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West

Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account.

(C) Change of Depository Agent and Fiscal Agent. The Issuer may designate another bank or trust company insured by FDIC as Fiscal Agent and Depository Bank if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by ordinance that said Bank or its successor should no longer serve as Fiscal Agent or Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bonds, provide evidence that there will be 277 bona fide users of the proposed System when the extension of the System is completed and placed in operation, and must obtain user agreements and the user contribution from each new user and deposit in the Project Construction Account all such new user contributions collected.

(E) Charges and Fees. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

(F) Investment of Excess Balances. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of state and municipal funds under the laws of the State.

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

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

ARTICLE VI

GENERAL COVENANTS

Section 6.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 6.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year

sufficient to produce net revenues equal to not less than one hundred ten percent (110%) percent of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 6.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 6.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of the revenues of the System or any part thereof shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser or the then holder of or Trustee or agent for the holder of the Bond.

Section 6.05. Insurance and Bond. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Real Property Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

(d) Workers' Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of one hundred percent (100%) of the construction contract, will be required of each prime contractor, and such

payment bonds will be filed with the Clerk of the County Commission of Roane County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation insurance will be maintained as required by the laws of the State of West Virginia.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and every officer and employee of the PSD having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding RUS loans.

(f) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

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

Section 6.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond.

Section 6.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof and/or;

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

Section 6.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights and shall have all rights prescribed by the Act, W.Va. Code and other applicable law.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The Receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to

increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 6.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty (30) days prior to the beginning of each fiscal year, the Issuer agrees to adopt an Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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

Section 6.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 6.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary/Treasurer on the date of adoption hereof, subject to permitted changes.

Section 6.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 6.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 6.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 6.15. Restrictions on Use of Bond Proceeds. The Issuer agrees that it will be in default hereunder if any Bond proceeds are used for a purpose that contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

ARTICLE VII

RATES, RULES, COVENANTS, ETC.

Section 7.01. Initial Schedule of Rates and Charges.

A. The schedule of rates and charges for the services and facilities of the System shall be as set forth in a Final Order of the Public Service Commission dated December 20, 2000, in Case Number 00-0878-PWD-CN, which order is incorporated herein by reference and is made a part hereof.

B. The Issuer hereby modifies and enacts to the extent necessary the rates and charges as set out in the above-referenced order and to be included on a tariff sheet to be filed with the Public Service Commission which rates and conditions are as follows:

Applicability of Service

Applicable to all areas served by the Clover Public Service District.

Availability of Service

Available for general domestic, commercial and industrial service.

Rates and Charges

\$7.15 per each 1,000 gallons used.

Minimum charge

5/8" meter \$21.45 per month
3/4" meter \$32.18 per month
1" meter \$53.63 per month
1 1/2" meter \$107.25 per month
2" meter \$171.60 per month
3" meter \$321.75 per month

4" meter \$536.25 per month
6" meter \$1,072.50 per month
8" meter \$1,716.00 per month

Delayed Payment Penalty

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

Tap Fee

Prior to construction – One Hundred Dollars (\$100.00)

After the start of construction, there shall be a charge of Two Hundred Dollars (\$200.00) for connection to the system.

Incremental Leak Adjustment

\$1.92 per 1,000 gallons. To be used where the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate is used to calculate consumption above customer's historical average usage.

Reconnection Charge

Ten Dollars (\$10.00)

Section 7.02. Further Covenants.

The Issuer hereby further covenants and agrees as follows:

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

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

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

D. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Defeasance of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 8.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute a Financing Statement meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statement in the office of the Secretary of State of West Virginia.

Section 8.03. Delivery of Bond. The Chairman and Secretary/Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2001 Bond, numbered R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 8.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 8.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 8.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 8.07. Modification or Amendment. The Bond Resolution may not be modified or amended in any material manner after final passage without the prior written consent of the Purchaser and/or holder of the Bond.

Section 8.08. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Chairman, Secretary/Treasurer and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 8.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Resolution.

Section 8.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 8.11 Statutory Notice of Meeting and Bond Issue. Notice of the date, time and place at which the Governing Body of the Issuer considered this Resolution for adoption was given at least ten (10) days in advance thereof by Class I legal advertisement in The Times Record, a newspaper of general circulation in the area served by the Issuer.

CLOVER PUBLIC SERVICE DISTRICT

By: *Wheeler G. Hall*
Chairman

[SEAL]

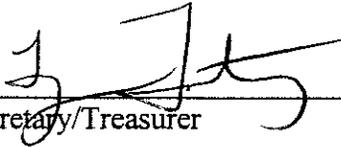
Attest:

By: *[Signature]*
Secretary/Treasurer

CERTIFICATION

I, Lynn Fouty, Secretary/Treasurer of the Clover Public Service District, hereby certify that the foregoing is a true and correct copy of a Resolution approved at a meeting of the Public Service Board of the Clover Public Service District held on March 1, 2001. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 1st day of March, 2001.


Secretary/Treasurer

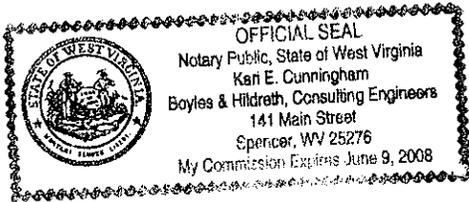
STATE OF WEST VIRGINIA,

COUNTY OF ROANE, to-wit:

The foregoing instrument was acknowledged before me this 5th day of March, 2001, by Wheeler G. Hall, the Chairman of the Clover Public Service District, a public service district created pursuant to the Act by an order issued by The County Commission of Roane County, on behalf of said public service district.

My commission expires JUNE 9, 2008.

Kari E. Cunningham
NOTARY PUBLIC





CLOVER PUBLIC SERVICE DISTRICT
2410 CLAY ROAD
SPENCER, WV 25276

March 1, 2001

Clover Public Service District held a special meeting at their office, 2410 Clay Road, on Thursday, March 1, 2001 at 6:00 PM. Chairman Wheeler Hall called the special meeting to order for the purpose of Bond Resolution.

Jim Ward made a motion, seconded by Wheeler Hall, to approve the Bond Resolution as attached. Motion carried.

A motion was made by Jim Ward, seconded by Mike King to adjourn. Motion carried.


Chairman
Clover Public Service District


Secretary
Clover Public Service District



\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2001

GENERAL CERTIFICATE

1. TERMS
2. AWARD OF BOND
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS AND BIDDING
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. SIGNATURES
7. CERTIFICATION OF COPIES OF DOCUMENTS
8. PUBLIC SERVICE COMMISSION ORDER; RATES
9. INCUMBENCY AND OFFICIAL NAME
10. DELIVERY AND PAYMENT
11. LAND AND RIGHTS OF WAY
12. MEETINGS
13. CONTRACTORS' INSURANCE
14. CONNECTIONS
15. MANAGEMENT
16. RATES AND CHARGES
17. CONFLICT OF INTEREST
18. COMPLIANCE WITH 1985 RESOLUTION, 1991 RESOLUTION AND BOND

We, the undersigned CHAIRMAN and the undersigned SECRETARY/TREASURER of the CLOVER PUBLIC SERVICE DISTRICT, Roane County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Clover Public Service District, Water Revenue Bond, Series 2001, No. R-1, in the principal amount of \$285,000, bearing interest at the rate of 4.5% per annum, and dated on the date hereof (the "Bond"):

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Resolution enacted and adopted by the Public Service Board of the Issuer (the "Board") and effective on March 1, 2001 (the "Resolution").

2. AWARD OF BOND: The entire issue of the Bond has been duly awarded to the United States of America (the "Purchaser"), pursuant to a Letter of Conditions from the United States Department of Agriculture, Rural Development and the Resolution.

3. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened restraining, enjoining or affecting the issuance and delivery of the Bond, nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bond, nor affecting the validity of the

Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the Board or the title of the members and officers thereof to their respective offices; nor questioning the additions, betterments and improvements to the water system of the Issuer (the "System") being financed out of the proceeds of sale of the Bond.

4. GOVERNMENTAL APPROVALS: All applicable approvals and certificates required by law for construction and operation of the System have been duly and timely obtained and remain in full force and effect. This includes a Certificate of Convenience and Necessity, as amended, from the West Virginia Public Service Commission ("PSC") awarded pursuant to Case No. 00-0878-PWD-CN.

5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in the additions, betterments and improvements to the System.

6. SIGNATURES: The undersigned CHAIRMAN and SECRETARY/TREASURER did, for the Issuer on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

7. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Order Creating the Issuer.

Resolution.

Notice of Meeting on Resolution.

Minutes of Adoption of Resolution.

Rules of Procedure.

Oaths of Office of Chairman, Secretary/Treasurer and Members of Board.

Tariff.

Public Service Commission Certificate of Convenience and Necessity

8. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby covenants that he has filed any information with the PSC and taken any other actions required to maintain the PSC Order dated November 30, 2000, which became final on December 20, 2000, in full force and effect. The rates were authorized by the same PSC Order, and the Issuer has complied with all requirements of the PSC to make the rates valid and effective, and such rates are in full force and effect.

9. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Clover Public Service District", and it is a public service district created pursuant to the Act by orders issued by The County Commissions of Roane County, located in Roane County, West Virginia. The governing body of the Issuer is its Board consisting of three (3) Board Members, from whom are chosen the Chairman and the Secretary/Treasurer of the Board, all of whose names, terms and offices are as follows:

<u>Name</u>	<u>Term</u>	<u>Office</u>
Wheeler G. Hall	August 31, 2004	Chairman and Member
James L. Ward	August 31, 2002	Vice Chairman and Member
Michael F. King	August 31, 2006	Member

The duly appointed and acting Attorney for the Issuer is Wilber D. Webb.

10. DELIVERY AND PAYMENT: On the date hereof, the Bond was delivered to the Purchaser at Spencer, West Virginia, by the undersigned Chairman and at the time of such delivery, the Bond had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Bond, a payment was received by the undersigned Chairman, being the principal amount of the Bond. Interest on advances on the Bond at the rate of 4.5% per annum is payable upon each advance from the date hereof. The Bond Proceeds have been deposited in accordance with the terms of the Resolution.

The Bond is dated on the date hereof, and interest on the Bond at the rate of 4.5% per annum is payable on the Bond from such date.

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

12. MEETINGS: All actions, resolutions, supplemental resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the System were authorized or adopted at meetings of the Board of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Board and all applicable statutes, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings.

13. CONTRACTORS' INSURANCE: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's

risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser and the Resolution.

14. CONNECTIONS: The Issuer has received connection agreements from at least 277 bona fide users and has deposited or will deposit forthwith the sum of \$2,000 in the 2001 Project Construction Account in full compliance with the requirements of the Purchaser.

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

16. RATES AND CHARGES: Based upon information submitted by the Consulting Engineers, the rates and charges for the System which were approved on September 21, 1990, to be effective upon the completion of the Project, will, so long as the Bond is outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bond, (b) the principal amount of the Bond at or before its maturity and (c) a margin of safety or reserve for such Bond and for the payment into the Reserve Account created on account of the Bond.

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

18. COMPLIANCE WITH 1985 RESOLUTION, 1991 RESOLUTION AND BOND: All payments have been made under the 1985 Resolution and 1991 Resolution, and there are no defaults in the terms and conditions of the 1985 Resolution and 1991 Resolution or Bond.

WITNESS our signatures and the official corporate seal of the CLOVER PUBLIC SERVICE DISTRICT on this 5th day of March, 2001.

(CORPORATE SEAL)

SIGNATURE

OFFICIAL TITLE

Wheeler D. Hall

Chairman

[Signature]

Secretary/Treasurer

Walter D. Webb

Attorney for Issuer

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2001

ENGINEER'S CERTIFICATE

I, James B. Hildreth, Registered Professional Engineer, West Virginia License No. 7719, of Boyles and Hildreth, Spencer, West Virginia, hereby certify that my firm is engineer for the water system (the "Project") of Clover Public Service District (the "District") to be constructed in Roane County, West Virginia, which construction and acquisition are being financed, in part, by the above-captioned revenue bond of the District.

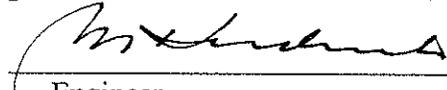
I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that such system is situate wholly or chiefly within the general service area of said District.

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

WITNESS my signature on this 5th day of March, 2001.

Boyles and Hildreth, Consulting,
Engineers

By:



Engineer

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2001

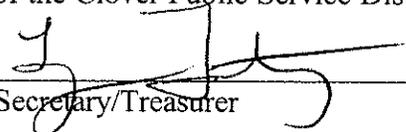
CERTIFICATE OF SECRETARY/TREASURER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Lynn Fouty, the duly elected Secretary/Treasurer of the Clover Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$285,000 Clover Public Service District, Water Revenue Bonds, Series 2001 (the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Order Creating the District.
2. Oaths of Office of the Chairman, Secretary/Treasurer and Members of the Public Service Board (the "Board").
3. Bond Resolution (the "Resolution") adopted on March 1, 2001.
4. Minutes of the March 1, 2001 meeting of the Board wherein the Resolution was considered and approved.
5. Affidavit of publication of the abstract and notice of meeting on the Resolution published in the *Roane County Reporter*.
6. Recommended Decision of the Public Service Commission of West Virginia entered on November 30, 2000, which became a Final Order of the Commission on December 20, 2000, in Case No. 00-0878-PWD-CN.
7. Commitment Letter from the West Virginia Infrastructure and Jobs Development Council dated October 13, 1998.
8. Rate Tariff filed with the Public Service Commission on October 19, 1984.

WITNESS my signature and the official seal of the Clover Public Service District as of the 5th day of March, 2001.

(SEAL)


Secretary/Treasurer

CLOVER PUBLIC SERVICE DISTRICT
(Name of Utility)

OF

Spencer, West Virginia
(Location of Office)

Rates, Rules and Regulations for Furnishing WATER

Within the territorial boundaries of the District in Smithfield
and Spencer Magisterial Districts, Roane County, West Virginia.

Filed with THE PUBLIC SERVICE COMMISSION
OF
WEST VIRGINIA

Issued October 19, 19 84

Effective JUL 14 1985, 19

Issued by authority of an Order
of the Public Service Commission
of West Virginia in Case No. 84-114-W-CN,
dated October 19, 1984.

Issued by Clover Public Service District
(Name of Utility)

By Michael D. Hall

Chairman

AVAILABILITY OF SERVICE

Available for general domestic and commercial service.

RATES AND CHARGES

\$7.15 per each 1,000 gallons used.

MINIMUM CHARGE

5/8	inch meter	\$ 21.45	per month
3/4	inch meter	32.18	per month
1	inch meter	53.63	per month
1-1/2	inch meter	107.25	per month
2	inch meter	171.60	per month
3	inch meter	321.75	per month
4	inch meter	536.25	per month
6	inch meter	1,072.50	per month
8	inch meter	1,716.00	per month

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE

Prior to construction - Fifty Dollars (\$50.00).

After construction has been completed beyond the resident's home, there shall be a charge of Two Hundred Dollars (\$200.00) for connection to the system.

RECONNECTION CHARGE

Ten Dollars (\$10.00).

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 11th day of MAY, 1984, between THE CITY OF SPENCER, a Corporation, of 207 Court Street, Spencer, West Virginia, 25276 hereinafter referred to as the "Seller," and THE CLOVER PUBLIC SERVICE DISTRICT, a Public Corporation, of Box 49, Route 36, Spencer, West Virginia, 25276, hereinafter referred to as the "Purchaser",

WITNESSETH: Whereas, the Purchaser is organized and established under the provisions of Chapter 8, Article 2, of the Code of West Virginia of 1931, as amended, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and,

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and,

Whereas, by a Resolution enacted on the 13th day of March, 1984, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Mayor and attested by the Recorder, was duly authorized, and,

Whereas, by Resolution by The Clover Public Service District of the Purchaser, enacted on the 13th day of March, 1984, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the Chairman, and attested by the Secretary was duly authorized;

NOW THEREFORE, in consideration of the foregoing and mutual agreements hereinafter set forth,

A. THE SELLER AGREES:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Health Department of the State of West Virginia, in such quantity as may be required by the Purchaser.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 90 PSI from an existing eight (8) inch main supply at a point located at Consumers Gas Utility Shop located 1/2 mile south of the junction of Route 119 and Route 36 on Route 36. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) The Purchaser is to furnish, install, operate and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the six (6) months previous to such test in accordance with the percentage of accuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the 12th day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1st day of each month, with an itemized statement of the amount of water furnished the purchaser during the preceding month.

B. THE PURCHASER AGREES:

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$3.00 per thousand for the first 2,000 gallons, which amount shall also be the minimum rate per month.
- b. \$2.90 per 1,000 gallons for water in excess of 2,000 gallons but less than 5,000 gallons.
- c. \$2.80 per 1,000 gallons for water in excess of 5,000 gallons, but not to exceed 10,000 gallons.
- d. \$2.70 per 1,000 gallons for water in excess of 10,000 gallons, but not to exceed 15,000 gallons.
- e. next 5,000 gallons, 2.40 per 1,000 gallons.
- f. next 10,000 gallons \$1.60 per 1,000 gallons.
- g. All over 30,000 gallons shall be at \$0.95 per 1,000 gallons and otherwise as provided by the rates of the City of Spencer and subject to any rate increase approved by the City of Spencer and not disallowed by the West Virginia Public Service Commission.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of \$0.00. Purchaser is to furnish the metering equipment.

IT IS FURTHER MUTUALLY AGREED BETWEEN THE SELLER AND THE PURCHASER AS FOLLOWS:

1. (Term of Contract) That this contract shall extend for a term of forty (40) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser, or until cancellation upon three (3) months written notice by Seller or Purchaser to the other.

2. (Delivery of Water) That thirty (30) days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonable close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge at the above rate to be metered or established by Seller and contractor, which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended loss of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the then approved rate of the Seller. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

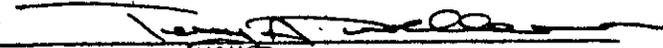
9. The Clover Public Service District, the Purchaser, will pay the the City of Spencer, the Seller, a tap fee of \$ 58,000.00.

In Witness whereof, the parties hereto acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

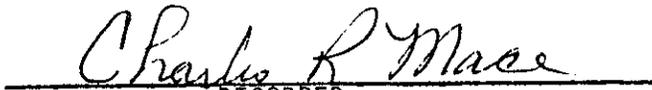
SELLER:

THE CITY OF SPENCER

by


MAYOR

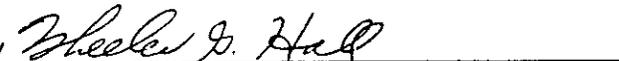
ATTEST:


RECORDER

PURCHASER:

THE CLOVER PUBLIC SERVICE DISTRICT

by


CHAIRMAN

ATTEST:


SECRETARY

This contract is approved on behalf of the Farmers Home Administration
this 14th day of JUNE, 1984

by



Title

ENGINEER



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

12-20-00

Entered: November 30, 2000

CASE NO. 00-0878-PWD-CN

CLOVER PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to construct, operate own and maintain water service facilities to serve portions of the Eastern Magisterial District of Roane County, including the communities of Linden, Tariff, Rush Run, Roxalana, Looneyville and surrounding areas.

RECOMMENDED DECISION

On August 23, 2000, Clover Public Service District (District) filed an application for a certificate of convenience and necessity to construct and operate an extension to its water distribution system. The extension will consist of 90,300 linear feet of 8-inch, 20,600 linear feet of 6-inch and 1,400 linear feet of 2-inch diameter waterlines; two (2) pressure reducing stations; one (1) 125,000-gallon water storage tank; one (1) 136,000-gallon water storage tank; and all necessary valves, controls and appurtenances to serve the communities of Linden, Tariff, Rush Run, Roxalana, Looneyville, Canoe/Poca and surrounding areas of Roane County, West Virginia. Clover Public Service District purchases its water from the City of Spencer and this project will provide service to 140 new customers.

This application had been prefiled with the Public Service Commission on July 27, 2000.

By a Notice of Filing entered August 24, 2000, the District was required to provide public legal notice of this application by causing a copy of the Notice of Filing to be published once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Roane County, and to make due return to this Commission of proper certification of publication. The Notice of Hearing contained the rates of the Clover Public Service District and made provision for the filing of written statements of protest or objection within thirty (30) days after said publication. In the absence of protest or objection, the Commission gave notice that it might waive a formal hearing in this matter and grant the application based on the evidence submitted with said application and its review thereof.

On September 15, 2000, the District filed a duly executed Affidavit of Publication demonstrating publication of the Notice of Filing on September 7, 2000, in The Times Record, a newspaper published and of general circulation in Roane County, all in accordance with the Notice of Filing entered August 24, 2000. As of the date of this Recommended Decision, no statements of protest or objection have been filed with the Public Service Commission concerning this project.

On September 27, 2000, Commission Staff filed its Initial Joint Staff Memorandum in this matter.

By a Commission Referral Order entered October 31, 2000, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of March 20, 2001.

On November 22, 2000, Staff filed its Final Joint Staff Memorandum in this matter. Technical Staff had reviewed the District's design plans and specifications and found no obvious conflict with the Commission's rules and regulations. This project has been approved by the State Office of Environmental Health Services and has been issued Permit No. 14,565. This project will double the size of the District's customer base, with a customer density of six customers per mile of new main and a per customer project cost of \$21,429. Prospective customers located within the project area currently rely upon well water, cisterns and hauled water for household use. Additionally, completion of this project will provide an alternative water supply for the Clay-Roane Public Service District. An appropriate connection to this project will allow Clay-Roane Public Service District to service approximately 80% of its customer base using water from the Spencer treatment plant. This will reduce the operation time at the Precious treatment plant, which supplies Clay-Roane Public Service District, to a reasonable 16 hours per day. Therefore, Staff states that adequate need has been demonstrated for this project.

Commission Staff stated further that this project is estimated to cost \$3,000,000, and will be funded by a Small Cities Block Grant in the amount of \$1,175,000; a Rural Utilities Service Grant of \$1,540,000; and a Rural Utilities Service Loan of \$285,000. This project is approximately 91% grant funded. The Rural Utilities Service Loan is for an amount not to exceed \$285,000, and is expected to bear an interest rate of 4.50%, for a term not to exceed 40 years. The District is required to establish and fund both a debt service reserve account and a depreciation reserve account which together equal ten percent (10%) of the annual debt service for the life of the loan. Additionally, the District has submitted a Credit Agreement with the Traders Bank, Spencer, West Virginia, which will provide interim financing not to exceed \$285,000, at an interest rate not to exceed 9.5%, to be used for construction advances. Written confirmation of all funding is lodged in the case file.

Staff has reviewed the District's water purchase contract with the City of Spencer dated May 11, 1984. The District purchases all of its water supply from the City of Spencer and is billed monthly through the City's normal rate blocks. The District has not proposed a rate increase in this project application. The District and Staff state that increased

revenues from operations will be sufficient to absorb the expected increases in operating expenses and debt service requirements. Therefore, this project is convenient and cost-effective. Staff has designed an amended proposed tariff containing the same rates as the current tariff, but adding a preconstruction tap fee of \$100 and a leak adjustment increment of \$1.92 per M gallons.

In summary, Staff recommended that this application be approved, as well as the project funding package, interim financing and proposed tariff set out in the Staff Memorandum. Staff further recommended that, if the plans, scope or terms of financing of the project change, or if actual bids exceed the estimated construction costs to be approved herein, the District should notify the Public Service Commission and seek subsequent review of those changes.

Consequently, in the absence of protest or objection and upon the review and recommendation of Commission Staff, this application will be approved.

FINDINGS OF FACT

1. On August 23, 2000, Clover Public Service District filed an application for a certificate of convenience and necessity to construct and operate an extension to its water distribution system. The extension will consist of 90,300 linear feet of 8-inch, 20,600 linear feet of 6-inch and 1,400 linear feet of 2-inch diameter waterlines; two (2) pressure reducing stations; one (1) 125,000-gallon water storage tank; one (1) 136,000-gallon water storage tank; and all necessary valves, controls and appurtenances to serve the communities of Linden, Tariff, Rush Run, Roxalana, Looneyville, Canoe/Poca and surrounding areas of Roane County, West Virginia. Clover Public Service District purchases its water from the City of Spencer and this project will provide service to 140 new customers. (See, Application filed August 23, 2000).

2. This application had been prefiled with the Public Service Commission on July 27, 2000. (See, Prefiled application dated July 27, 2000).

3. Pursuant to a Notice of Filing entered August 24, 2000, the District caused said Notice of Filing to be published for public legal notice of this application on September 7, 2000, in The Times Record newspaper, in accordance with the requirements of the Notice of Filing. (See, Affidavit of Publication filed September 15, 2000).

4. As of the date of this Recommended Decision no statements of protest or objection concerning this application have been filed with the Public Service Commission. (See, Commission case file generally).

5. This project has been approved by the Office of Environmental Health Services and has been issued Permit No. 14,565. (See, Permit filed with application).

6. Commission Technical Staff has reviewed the District's design plans and specifications and has found no obvious conflicts with the

Commission's rules and regulations. (See, Final Joint Staff Memorandum filed November 22, 2000).

7. This project will double the size of the District's customer base, with a customer density of six new customers per mile of main and a per customer project cost of \$21,429. (See, Final Joint Staff Memorandum filed November 22, 2000).

8. Prospective customers located within the project area currently rely upon well water, cisterns and hauled water for household use. This project will also provide a reliable alternative water supply for the Clay-Roane Public Service District, which is currently under a long-standing new service connection moratorium. As a result, adequate need has been demonstrated for this project. (See, Final Joint Staff Memorandum filed November 22, 2000).

9. This project is estimated to cost \$3,000,000, and will be funded by a Small Cities Block Grant in the amount of \$1,175,000; a Rural Utilities Service Grant of \$1,540,000; and a Rural Utilities Service Loan of \$285,000, at an interest rate not to exceed 4.50%, for a term not to exceed 40 years. (See, Final Joint Staff Memorandum filed November 22, 2000).

10. The District has arranged for, and submitted, a Credit Agreement with Traders Bank, Spencer, West Virginia, which will provide interim financing not to exceed \$285,000, at an interest rate not to exceed 9.5%, to be used for construction advances. (See, Credit Agreement; Final Joint Staff Memorandum filed November 22, 2000).

11. The District has not proposed a rate increase for this project. The District and Staff state that increased revenues from expanded operations will be sufficient to absorb the projected increases in operating expenses and debt service requirements. As a result, this project is convenient and cost-effective. (See, Final Joint Staff Memorandum filed November 22, 2000).

12. Commission Staff has designed an amended proposed tariff, attached hereto as Appendix A, which contains the same rates as the current tariff, as well as the newly added preconstruction tap fee of \$100 and a Staff-calculated leak adjustment increment of \$1.92 per M gallons. (See, Proposed and Staff-Recommended Tariff filed November 22, 2000).

13. Pursuant to its review of this matter, Commission Staff has recommended that this application be approved, as well as the project funding package, interim financing and proposed tariff, all as set out in the application and Final Joint Staff Memorandum. (See, Application filed August 23, 2000; Final Joint Staff Memorandum filed November 22, 2000).

CONCLUSION OF LAW

Under the facts and circumstances of this case and in the absence of protest or objection, it is reasonable to adopt the recommendations of Commission Staff and approve the application filed herein by Clover

Public Service District and issue a certificate of convenience and necessity for the project described therein.

ORDER

IT IS, THEREFORE, ORDERED that the application filed August 23, 2000, by Clover Public Service District, a public water utility, shall be, and hereby is, approved and a certificate of convenience and necessity to construct and operate the major water main extension project described therein shall be issued to the District.

IT IS FURTHER ORDERED that the proposed funding package consisting of a Small Cities Block Grant in the amount of \$1,175,000; a Rural Utilities Service Grant of \$1,540,000; and a Rural Utilities Service Loan of \$285,000, at an interest rate not to exceed 4.50% for a term not to exceed 40 years, shall be approved. The interim financing package arranged with Traders Bank, Spencer, West Virginia, consisting of a loan not to exceed \$285,000, at an interest rate not to exceed 9.5%, shall also be approved, to fund construction advances.

IT IS FURTHER ORDERED that the District is authorized to adopt, charge and collect the rates and charges contained in the proposed and Staff-recommended tariff, attached hereto as Appendix A, to be effective for all service to be rendered on and after the date this Recommended Decision becomes a final order of the Commission. The District shall file an original and five copies of this new tariff with the Public Service Commission within thirty (30) days of the date that this Order becomes final.

IT IS FURTHER ORDERED that, if there are any changes in the plans, scope or terms of financing of this project, or if actual bids exceed the estimated construction costs approved herein, the District shall notify the Public Service Commission as soon as practical and request subsequent review and approval of these changes or adjustments.

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

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until

approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Thomas N. Trent
Administrative Law Judge

TNT:dfs
000878a.wpd

CLOVER PUBLIC SERVICE DISTRICT
CASE NO. 00-0878-PWD-CN

APPROVED TARIFF

APPLICABILITY OF SERVICE

Applicable to all areas served by the Clover Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES AND CHARGES

\$7.15 per each 1,000 gallons used per month.

MINIMUM CHARGE

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

5/8 inch meter	\$ 21.45 per month
3/4 inch meter	\$ 32.18 per month
1 inch meter	\$ 53.63 per month
1-1/2 inch meter	\$ 107.25 per month
2 inch meter	\$ 171.60 per month
3 inch meter	\$ 321.75 per month
4 inch meter	\$ 536.25 per month
6 inch meter	\$1,072.50 per month
8 inch meter	\$1,716.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

Prior to Construction \$100.00

After the start of construction, there shall be a charge of \$200.00 for connection to the system.

INCREMENTAL LEAK ADJUSTMENT

\$1.92 per 1,000 gallons. To be used where the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate is used to calculate consumption above customer's historical average usage.

RECONNECTION FEE ----- \$10.00

2

2



Federal Building, Room 320
75 High Street
Morgantown, WV 26505-7500
Tel: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-4836

United States
Department of
Agriculture

Rural Development

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2001

CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

United States of America, Rural Development ("the Government") represents that it is the sole and only registered owner of water revenue bonds in the original principal amounts of \$152,000 and \$88,000 authorized by resolutions dated August 15, 1985 and January 9, 1991, respectively (the "Prior Bonds"). The Government does hereby consent to the issuance by the Clover Public Service District, Spencer, West Virginia, (the "Public Service District"), as described above, to be sold to the Government. The Government hereby further consents that the Series 2001 Bond may be payable from the revenues of the water system of the Public Service District and otherwise secured on parity with the Prior Bonds.

By the execution of this consent, the undersigned hereby certifies that she is fully empowered and authorized to execute this consent on behalf of the Government.

WITNESS my signature this 5th day of March, 2001.

UNITED STATES OF AMERICA,
RURAL DEVELOPMENT

By: *Dianne Goff Chrysler*
Dianne Goff Chrysler
Acting State Director

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2001

No. R-1

Date: March 7, 2001

FOR VALUE RECEIVED, the ~~CLOVER PUBLIC SERVICE DISTRICT~~ CLOVER PUBLIC SERVICE DISTRICT, a public service district created pursuant to the Act by order issued by The County Commission of Roane County, in Roane County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Eighty-five Thousand and 00/100 Dollars (\$285,000), plus interest on the unpaid principal balance at the rate of four and one half percent (4.5%) per annum. The said principal and interest shall be paid in following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$1,309.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder

promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

SPECIMEN

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

SPECIMEN

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

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

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1985 AND THE WATER REVENUE BOND, SERIES 1991, OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SUCH SERIES.

The initial address of United States Department of Agriculture-Rural Development for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

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

IN WITNESS WHEREOF, the CLOVER PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary-Treasurer, all as of the date hereinabove written.

CLOVER PUBLIC SERVICE DISTRICT

(SEAL)

By: Sheila S. Hall
Chairman
2410 Clay Road
Spencer, WV 25276

ATTEST:

By: [Signature]
Secretary-Treasurer

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$196,000	3/7/01	(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

DATED: _____

In the presence of:



This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code: 3/7/2041

1. Debtor(s) (Last Name First) and address(es)
Glover Public Service District
2410 Clay Road
Spencer, WV 25276

2. Secured Party(ies) and address(es)
United States of America
U.S. Dept. of Agriculture,
Rural Utilities Service
P.O. Box 678
Morgantown, WV 26505

3. Maturity date (if any): 3/7/2041
For Filing Officer (Date, Time, Number, and Filing Office)
0556219

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

Statutory mortgage lien on accounts, revenues, water system and other property as provided by Bond Resolution authorizing the issuance by Glover Public Service District of its \$285,000 Water Revenue Bond, Series 2000, and by Section 16-13A-19 of the Code of West Virginia of 1931, as amended.

5. Assignee(s) of Secured Party and Address(es)
NO ASSIGNMENT
FILED

This financing statement is filed in connection with a public bond issue of Glover Public Service District, Roane County, West Virginia. Pursuant to the provisions of 46-9-408(B) of the Code of West Virginia of 1931, as amended, no continuation statement needs to be filed to continue this financing statement in effect throughout the term of the underlying bond issue.

This statement is filed without the debtor's signature to perfect a security interest in collateral. (check if so)

already subject to a security interest in another jurisdiction when it was brought into this state.
 which is proceeds of the original collateral described above in which a security interest was perfected.
Check if covered: Proceeds of Collateral are also covered. Products of Collateral are also covered.

TERMINATION STATEMENT: This Statement of Termination of Financing is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code. The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above.

Date _____ 19 _____

By: _____
(Signature of Secured Party or Assignee of record. Not Valid Until Signed.)

Filing Officer is requested to note file number, date and hour of filing on this copy and return to the person filing, as an acknowledgement.

WILBUR D. WEBB

Attorney At Law

205 Church Street • P.O. Box 42

Spencer, W. VA. 25276

March 7, 2000

Rural Utilities Service
P.O. Box 303
Parkersburg, WV 26102

Clover Public Service District
2410 Clay Road
Spencer, WV 25276

Re: \$285,000 Clover Public Service District,
Water Revenue Bond,
Series 2000

Gentlemen:

As attorney for the Clover Public Service District, ^{ROANE}~~Clay~~ County, West Virginia (the "District"), we have examined the record of proceedings relating to the issue of the Clover Public Service District, Water Revenue Bond, Series 2000 (the "Bond") and have considered the validity of the bond issue. In this connection, we have examined and are familiar with the Constitution and statutes of the State of West Virginia, including Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended, the Order of Roane County Commission creating the District, related minutes and a certified copy of the Resolution passed by the District (the "Resolution"), a copy of the certificate of convenience and public necessity issued by the West Virginia Public Service Commission, as amended, the water rates necessary to pay for the Bond as described in the Resolution, copies of contracts and other documents relating to the funding and approval for the project by the District, including but not limited to the construction contract, plans and specifications, and other documents relating to the project, the letter of conditions forwarded by the United States Department of Agriculture to the District, and other documents incidental and material to the issuance by the District of the Bond. From such familiarity and examination, we are of the opinion as follows:

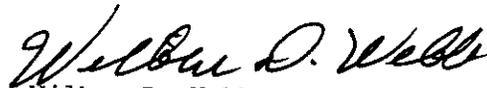
1. The District is a duly created and presently existing public service district of the State of West Virginia with full power and authority to construct and acquire and to operate and maintain the Water System and to issue and sell the Bond, all under the provisions of Chapter 16, Article 13A (the "Act"), of the West Virginia Code of 1931, as amended, and other applicable provisions of law.
2. The District, through its Board, has legally and effectively enacted the Resolution and has duly authorized the issuance and delivery of the Bond to the United States of America, and the Chairman of the Board is duly and lawfully entitled and authorized to execute the Bond.
3. The Bond constitutes a valid and legally enforceable special obligation of the District secured by and payable solely from a parity lien on and pledge of the net revenues of the System on parity with the existing 1985 Bond and 1991 Bond as described in the Resolution, all in accordance with the terms of the Bond and the Resolution.
4. The District, through its Board, has legally and effectively enacted the water rates necessary to make the payments on the Bond from the rates described in the Resolution, and it has lawfully adopted and has filed a tariff which has been approved by the West Virginia Public Service Commission for the water rates that are described in the Resolution.
5. The District has obtained from the West Virginia Public Service Commission a valid, final and non-appealable certificate of convenience and necessity under Case No. 00-0878 -PWD-CN which lawfully authorizes the District to proceed with the construction and maintenance of the District's Water System and approval of and issuance of the Bond.
6. The District, through its Board, has legally and effectively enacted all other resolutions, contracts and agreements that are necessary to comply with the letter of conditions previously forwarded and conditions required in the letter of conditions as well as complied with all necessary provisions of the Resolution necessary before the Bond may be issued and delivered and that the Bond can in fact be lawfully issued and delivered.
7. The execution and delivery of the Bond and the enactment of the Resolution and compliance with the provisions of them will not conflict with nor constitute a breach of or default under any agreement or other instrument known to me to which the District is a party, or any court order or consent decree known to me to which the District is subject, or any law or administrative regulation to which the District is subject.
8. All authorizations, consents, approvals and reviews by governmental bodies or regulatory authorities then required for the District's adoption, execution or performance of the Bond and the Resolution have been obtained or affected, and we have no reason to believe that the District will be unable to obtain or affect any additional such authorizations, consents or approvals that may be required in the future for performance of any of them by the District.

March 7, 2000
Page Three

9. As to our knowledge, there is no action, suit, proceeding or investigation at law or in equity by any court, public board or body, pending or threatened against or affecting the District or any member of the Board, and no facts exist relating to the composition of the Board or the exercise of their duties, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the validity of the Bond or the Resolution.

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bond and in the Bond Resolution may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Very truly yours,


Wilbur D. Webb
Attorney at Law

LAW OFFICES
GOODWIN & GOODWIN, LLP
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

FEIN 55-0519853

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2651

REPLY TO Charleston

March 7, 2001

Clover Public Service District
P. O. Box 40
Spencer, WV 26276

United States Department of Agriculture
Rural Utilities Service
P.O. Box 303
Parkersburg, WV 26102

Re: \$285,000 Clover Public Service District,
Water Revenue Bond,
Series 2001

Gentlemen:

We have examined a record of proceedings relating to the issuance by the Clover Public Service District (the "Issuer") of its \$285,000 Water Revenue Bond, Series 2001, bearing interest at the rate of four and one-half percent (4.50%) per annum, and dated on the date hereof (the "Bond").

The Bond has been authorized by a resolution (the "Bond Resolution") duly adopted by the Public Service Board of the Issuer, which is the governing body of the Issuer.

Interest only on the Bond is payable in monthly installments in the twenty four (24) months after delivery of the Bonds and thereafter the principal of and interest on the Bond is payable in monthly installments of \$1,309.00 to and including the 480th month after the date of the Bond, the final installment to be in the sum of the unpaid principal and interest due on the date thereof.

March 7, 2001

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Principal installments upon the Bond are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the Bond provide that the issue is for the purpose of financing the costs of construction and acquisition of the improvements and additions to an existing water system (the "System") of the Issuer.

Upon issuance of the Bond, the Issuer has outstanding the 1985 Bonds and the 1991 Bonds, as described in the Bond Resolution.

We have relied, in part, upon the opinion letter of Wilber D Webb, attorney to the Issuer, and the General Certificate of Issuer and attorney for Issuer.

It is our opinion that:

1. The Issuer is duly organized and presently existing public service district and is a public corporation and a political subdivision of the State of West Virginia with full power and authority to construct, acquire, operate and maintain the System and issue and sell the Bond, all under the provisions of Chapter 16, Article 13A (the "Act"), of the Code of West Virginia of 1931, as amended, and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Bond Resolution in connection with the bond issue and issued, sold and delivered the Bond to the United States of America, Rural Utilities Service.

3. As of this date, the Bond is in due and proper form and has been duly executed and delivered and constitute valid and legally enforceable special obligations of the Issuer secured by and payable solely from a parity statutory lien with the Bond, the 1985 Bonds and the 1991 Bonds, as described in the Bond Resolution, and a pledge of the net revenues of the System, all in accordance with the terms of the Bond and the Bond Resolution.

4. Under existing statutes and court decisions, as presently written and applied, interest on the Bond is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance

March 7, 2001

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of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. We express no opinion herein regarding other tax consequences arising with respect to the Bond.

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

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

CLOVER PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1985

BOND RESOLUTION

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08/13/85

CLOVE-B

CLOVER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$152,000 WATER REVENUE BOND, SERIES 1985, OF CLOVER PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF A NEW WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CLOVER PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Clover Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Roane County.

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

A. The Issuer does not now have a public waterworks system.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed a new waterworks system of the Issuer consisting of water distribution and storage facilities with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. Water will be purchased from the City of Spencer pursuant to a Water Purchase Contract between the Issuer and said City. The construction and acquisition of the Project and the financing hereby

authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$152,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$952,500 of which \$152,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$492,000 from a grant by the Purchaser, \$38,000 from a grant by the Roane County Commission, \$268,800 from a grant by the Appalachian Regional Commission and \$1,700 from funds of the Issuer.

E. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for 6 months after completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" or "Bonds" means the Water Revenue Bond, Series 1985, authorized hereby.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Boyles and Hildreth, Consulting Engineers, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond," "Bondholder" or any similar term means any person who shall be the registered owner of the Bond.

"Issuer" means Clover Public Service District of Roane County, West Virginia, and includes the Governing Body.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative

expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital provided that all monthly amortization payments upon the Bond and into the Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

"Purchaser" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

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

"Secretary" means the Secretary of the Governing Body.

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1985," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$152,000 for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

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

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

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions,

insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1985

CLOVER PUBLIC SERVICE DISTRICT

\$152,000

No. R-1

Date: _____

FOR VALUE RECEIVED, CLOVER PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED FIFTY-TWO THOUSAND DOLLARS (\$152,000) plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$747, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments

last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of improvements for the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner

constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower (the "Resolution").

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

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$		(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	

TOTAL \$ _____

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Issuer as Registrar)

Date of
Registration

In Whose Name
Registered

Signature of
Secretary of
Registrar

_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in The Traders Bank, Spencer, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Clover Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

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

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Government Obligations"), which shall mature not later than 18 months after the date of such investment, or in investments secured by a pledge of Government Obligations. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

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

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund," is hereby established initially with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

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

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of \$9,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments

of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$43,050, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay portions of the principal amount of the Bond or for any lawful purpose.

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

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding 2 years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, obtain signed user agreements from at least 85 bona fide full time users initially upon the System, in full compliance with the requirements and conditions of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on

all above-ground structures of the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of

the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof;

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

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any

compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on October 19, 1984, in Case No. 84-114-W-CN, which final order is incorporated herein by reference as a part hereof.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for 30 days, the Issuer shall have power pursuant to the Act forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

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

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

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without prior written consent of the Purchaser.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: August 15, 1985

Richard B. Hall
Chairman of Public Service Board

Merle Halcomb
Member

James Schuchman
Member

08/13/85
CLOVE1-A

CLOVER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$88,000 WATER SYSTEM BOND, SERIES 1991 OF CLOVER PUBLIC SERVICE DISTRICT TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN BETTERMENTS AND IMPROVEMENTS OF AN EXISTING PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND; PROVIDING A LIEN ON ALL THE SYSTEM; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CLOVER PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Clover Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Roane County.

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

(A) The Issuer has a public water system; however, it needs to be expanded and upgraded in certain area.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements, expenditures and betterments to the existing public water system of the Issuer known as the "System" so as to secure the residents of Roane County area (sometimes referred to herein as the "System"), with all necessary appurtenant facilities (the "Project"), and generally described as a waterline extension and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary-Treasurer of the Public Service Board (the "Governing Body") of the Issuer. The

construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bonds in the aggregate principal amount of \$88,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project \$88,000, all of which will be obtained from the proceeds of sale of the Series 1991 Bond herein authorized.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the refunding and the financing authorized hereby.

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

(G) There are currently outstanding the obligations of the Issuer with which the Bond will rank on a parity as to lien and source of and security for payment as follows:

(i) Water Revenue Bond of the Issuer, dated August 15, 1985 (the "1985 Bonds") issued in the original principal amount of \$152,000 secured under the terms of the 1985 Resolution (hereinafter defined).

(ii) Prior to the issuance of the Bond authorized herein, the Issuer shall certify that all payments required by the 1985 Resolution have been made to the date of issuance of the Bond as required in the 1985 Resolution and that the Issuer is not in default under any provision of either the 1985 Resolution.

(H) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order. Any interim financing shall also be so approved prior to delivery thereof.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" means the \$88,000 Water System Bond, Series 1991, authorized hereby to be issued.

"1985 Bonds" means the outstanding Bonds of the Issuer dated August 15, 1985, described in Section 1.02 (G) herein.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Boyles and Hildreth, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Resolution.

"Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Issuer" means Clover Public Service District, of Roane County, West Virginia, and, where appropriate, also means the Governing Body.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

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

"Purchaser" means United States of America Farmers Home Administration and any successor thereof.

"Registrar" means the Issuer.

"1985 Resolution" means the resolution providing for the 1985 Bonds, dated August 15, 1985.

"Resolution" means this Resolution and all resolutions supplemental hereto.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with generally accepted accounting principles.

"Secretary-Treasurer" means the Secretary-Treasurer of the Governing Body.

"System" means the Project initially, and all water facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the Clover Public Service District Water System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer to be known as "Water System Bond, Series 1991" in the principal amount of \$88,000 is for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. Each series of the Bond shall be issued in single form, No. R-1, and shall be dated on the date of delivery. The Series 1991 Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum or such lower rate that FmHA will make available at closing, and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary-Treasurer, and the Chairman and the Secretary-Treasurer are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction.

Section 2.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

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

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

Section 2.05. Registrar. The Issuer will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust.

Section 2.06. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

WATER SYSTEM BOND, SERIES 1991

CLOVER PUBLIC SERVICE DISTRICT
\$88,000

No. R-1

Date _____, 1991

FOR VALUE RECEIVED, CLOVER PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration, (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Eighty Eight Thousand Dollars (\$88,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$ 433 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of a water system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Articles 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

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

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN WATER REVENUE BONDS, SERIES 1985 OF THE ISSUER (THE "SERIES 1985 BONDS") DESCRIBED IN THE 1985 RESOLUTION ADOPTED AUGUST 15, 1985).

(SEAL)

CLOVER PUBLIC SERVICE DISTRICT

By _____

Its _____

P.O. Box 49
Spencer, WV 25276

ATTEST:

By _____

Its _____

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL \$	_____

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA FARMERS
HOME ADMINISTRATION

By _____

Its _____

ARTICLE III

REVENUES AND APPLICATION THEREOF

Section 3.01. Project Construction Account. All moneys received from the sale of any or all the Bonds shall be deposited on receipt by the Issuer in The Traders Bank, Spencer, Roane County, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "\$88,000 Clover Public Service District Water System Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of the construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, or agencies thereof, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

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

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Water Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Water Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all

tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Water Revenue Fund" originally established under the 1985 Resolution and which is hereby continued hereunder with The Traders Bank, Spencer, Roane County, West Virginia. The Water Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Water Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Water Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Water Revenue Fund and pay to the party designated in the 1985 Bond and the Series 1991 Bond the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of the Bond issues, providing, however, that if insufficient funds are available to pay the installments set forth herein, the interest portion of such installments and the payment set forth in this paragraph 2 shall be made simultaneously and without preference to one another before any principal portion of such installments are made.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Water Revenue Fund and deposit with the said Bank in the Water Reserve Fund initially established with said Bank in the 1985 Resolution and hereby continued 1/12 of 1/10 of the amount of principal and interest becoming due on the Bond in any year until the amount in the Water Reserve Fund equals the sum of \$9,000 such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Water Reserve Fund, the Issuer shall monthly deposit into the Water Reserve Fund such part of the moneys remaining in the Water Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Water Reserve Fund. Moneys in the Water Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, simultaneously and without preference to the payment required under paragraph 3, by the fifteenth day of each month, transfer from the 1991 Water Revenue Fund hereby initially established with said Bank, 1/12 of 1/10 of

the amount of principal and interest becoming due on the Bond in any year until the amount in the 1991 Water Reserve Fund equals the sum of \$5196, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the 1991 Water Reserve Fund, the Issuer shall monthly deposit into the 1991 Water Reserve Fund such part of the moneys remaining in the 1991 Water Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the 1991 Water Reserve Fund. Moneys in the 1991 Water Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(5) The Issuer shall next, by the fifteenth day of each month, transfer from the Water Revenue Fund and deposit in the 1985 Water Depreciation Reserve, previously established with said Bank, the moneys remaining in the Water Revenue Fund and not permitted to be retained therein, until there has been accumulated in the 1985 Water Depreciation Reserve for the 1985 Bonds the aggregate sum of \$43,500 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Water Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Water Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Water Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Water Depreciation Reserve may be withdrawn by the Issuer and used for capital improvements extraordinary repairs and replacements of equipment and improvements for the System, or any part thereof.

(6) After all the foregoing provisions for use of moneys in the Water Revenue Fund have been fully complied with, any moneys remaining therein and not required to be retained therein may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Water Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Water Reserve Fund and the Water Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Water Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Water Reserve Fund and the Water Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Water Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein shall be paid annually in January into the Water Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be 12 bona fide users initially upon the System, and must obtain user agreements and the user contribution, if any, from each new user and deposit in the Water Project Construction Account all such user contributions collected.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Water Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute

valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bond and to make the payments required herein into the Water Reserve Fund and the Water Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bond. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

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

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Water Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such Person at any one time, and initially in the amount of \$25,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 4.06. Statutory Mortgage. For the further protection of the holders of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

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

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The Receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the Court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy

direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary-Treasurer on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Covenant as to Tax Exempt Status of Bond. The Issuer covenants that (a) it shall not permit or cause to be done any act or thing which would result in the loss of exemption from tax of interest on the Bond under Section 148 of the Internal Revenue Code and the regulations thereunder, or under any successor or similar provision of the Internal Revenue Code hereafter enacted and applicable to the Bond, and regulations thereunder; (b) it shall not invest or otherwise use or permit or cause to be invested or used, any of the proceeds of the Bonds, or moneys deemed to be proceeds of the Bond under the Internal Revenue Code, directly or

indirectly, in any manner which would result in such Bond being classified as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code or regulations thereunder, and each shall comply with the requirements of such Section and (d) no part of the proceeds of the Bond or any funds held under the Resolution shall at any time be used directly or indirectly for any purpose which would cause the Bond to be subject to treatment as a "private activity bond" under the Internal Revenue Code or regulations thereunder and to that end the Issuer will comply with the applicable law as long as the Bond is outstanding.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges;

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth on their existing tariff schedule.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond. The Chairman and Secretary-Treasurer of the Governing Body are hereby authorized and directed to cause the Series 1991 Bond, numbered R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or part thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby

repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Supplemental Resolution. The District may pass such supplemental resolution, if necessary, to effectuate the purposes and intent of this resolution.

Section 6.07. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 6.08. 1985 Resolution. The 1985 resolution and all parts not expressly hereby changed shall continue in full force and effect.

Adopted this 9th day of January, 1991.

CLOVER PUBLIC SERVICE DISTRICT

By Michael B. Hall
Chairman of Public Service Board

By James L. Hall
Member

By Warren Schuchman
Member

(SEAL)

Attest:

By Evelyn Starck
Secretary

CERTIFICATION

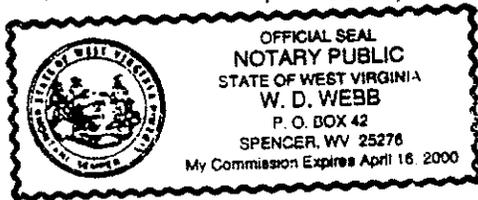
I, Evelyn Starcher Secretary of the Public Service Board of the Clover Public Service District, hereby certify that the foregoing is a true and correct copy of the Resolution of a special meeting of said Public Service Board held January 9, 1991. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 9th day of January, 1991.

Evelyn Starcher
Secretary

STATE OF WEST VIRGINIA,
COUNTY OF ROANE, To-Wit;

The foregoing instrument was acknowledged before me this the 9th day of
January, 1991, by WHEELER G. HALL, the Chairman of The Clover Public Service
District, A Public Corporation, on behalf of the Corporation.



W. D. Webb

NOTARY PUBLIC

My Commission expires: _____ April 16, 2000

REGISTRY

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2001

<u>BOND NO.</u>	<u>AMOUNT</u>	<u>HOLDER</u>	<u>DATE ACQUIRED</u>
R-1	\$285,000	United States of America	March 7, 2001

ALL ASSIGNMENTS OR CHANGES OF OWNERSHIP OF THIS BOND MUST BE REPORTED ON THIS REGISTRY PURSUANT TO SECTION 3.05 OF THE BOND RESOLUTION.

\$285,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2001

RECEIPT FOR BOND NO. R-1 AND TRANSCRIPT

The undersigned, for Rural Utilities Service (the "Purchaser"), hereby certifies as follows:

1. On the 7th day of March, 2001, at Spencer, West Virginia, the undersigned received for the Purchaser the Clover Public Service District, Water Revenue Bond, Series 2001, numbered R-1, in the amount of \$285,000, dated as of the date hereof, bearing interest at the rate of 4.50% per annum, payable in monthly installments as stated in the Bond. The Bond represents the entire above-captioned Bond issue.
2. At the time of such receipt, the Series 2001 Bond had been executed and sealed by the designated officials of the Public Service District.
3. At the time of such receipt, there was paid to said Public Service District a payment representing the aggregate principal amount of the Series 2001 Bond.
4. At the time of such receipt, there was also received by the undersigned a set of Bond Transcript documents.

WITNESS my signature on this 7th day of March, 2001.

RURAL UTILITIES SERVICE

By: _____

Rural Development Specialist



West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheirl L. Fletcher
Morgantown

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

October 13, 1998

Wheeler Hall, Chairman
Clover Public Service District
Clay Rt., Box 49
Spencer, WV 25276

Re: Water System Extension Project 98W-432

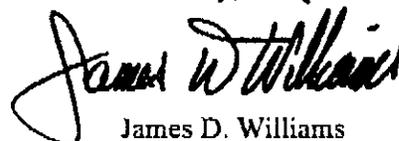
Dear Mr. Hall:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Clover Public Service District's (District) preliminary application regarding the District's proposed project to extend its water system to serve approximately 140 new customers (Project). Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that the District should pursue a Small Cities Block Grant of \$1,250,000 and USDA Rural Utilities Service (RUS) funding of \$1,600,000 to finance the Project. Please contact the West Virginia Development Office at 558-4010 and your local RUS office for specific information on the steps the District needs to follow to apply for this funding. **Please note that this letter does not constitute funding approval from these agencies.**

If you have any questions regarding this matter, please contact Susan J. Riggs at the above telephone number.

Sincerely,



James D. Williams

JDW/bh
Enclosure

cc: Debbie Legg
Jim Anderson
James Mylott
James B. Hildreth, P.E.

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

NEW ISSUE REPORT FORM
Date of Report: March 5, 2001

ISSUE: Clover Public Service District, Water Revenue Bond, Series 2001
ADDRESS: 2410 Clay Road
Spencer, WV 26276 COUNTY: Roane
PURPOSE: New Money X
OF ISSUE: Refunding Refunds issue dated: N/A
ISSUE DATE: March 7, 2001 CLOSING DATE: March 7, 2001
ISSUE AMOUNT: \$285,000 RATE: 4.5%
1ST DEBT SERVICE RESERVE PAYMENT DUE: April 6, 2003
DEBT SERVICE RESERVE AMOUNT: \$65.45 PAYING AGENT: Issuer

BOND COUNSEL: Goodwin & Goodwin, LLP LENDER: US Dep't. of Agriculture
Contact Person: W.K. Bragg, Jr. Contact Person: Gary D. Wilson
Phone 346-7000 Phone: (304) 420-6666

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Wheeler G. Hall
Position: Chairman
Phone: (304) 927-3323

DEPOSITS TO MBC AT CLOSE:
By Wire Accrued Interest: \$ 0
 Check Capitalized Interest: \$ 0
 Reserve Account: \$ 0
 Other: \$

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

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

Sec.	eral construction: district to be public instrumentality: tax exemption.	Sec.	16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-22.	Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.	16-13A-24.	Acceptance of loans, grants or temporary advances.
		16-13A-25.	Borrowing and bond issuance: procedure.

Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State

ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public utilities. — Public service districts are "public utilities" because they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Atty Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist., 485 S.E.2d 434 (W. Va. 1997).

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best

interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Authority of county commissions. — The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provisions of this article. Op. Att'y Gen., June 27, 1973.

Public service district — Authority. — A public service district, which was created only for the purposes of furnishing water services, has no power to condemn real estate for sewerage facilities. Canyon Pub. Serv. Dist. v. Tasa

Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Public service district — Purpose. — The purpose for the creation of a public service district may be ascertained by a review of the order establishing the district and the history behind the creation of the district (the notice of hearing and hearings held prior to the creation of the district). Op. Att'y Gen., July 8, 1976.

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351 (1965); *Shobe v. Latimer*, 162 W. Va. 779, 253 S.E.2d 54 (1979).

§ 16-13A-1a. Jurisdiction of the public service commission.

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b (§ 16-13A-1b) of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative

services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81; 1994, c. 61.)

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water or sewerage services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with (1) the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"), (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills") or (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1986, c. 81.)

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) on its own motion by order duly adopted, (2) upon the recommendation of the public service commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or

consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b] of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated

pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125.)

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, which passed March 8, 1986, and became effective ninety days from passage.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — There is no unlawful delegation of legislative power to the county courts (now county commissions) of this State under this section in violation of W. Va. Const., art. V, § 1, and art. VI, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

There is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Authority of commission and voters. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlargement or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

Authority of court. — A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate

proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Compliance. — The provisions of this section relating to the filing of the petition or motion of the county court (now county commission), the description of the territory to be embraced and like provisions are mandatory, but the use of the word "shall," in relation to the requirements for the posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

Overlapping districts. — Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may undertake to enlarge or reduce the areas of various overlapping districts or may even consolidate the overlapping districts into one district. Op. Att'y Gen., July 8, 1976.

Public corporation. — A public service district is a public corporation and does not come within the constitutional inhibition requiring all corporations to be created by general law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Referendum. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

"Shall apply with like effect," etc. — Because a protest against creation triggers a referendum, the language "shall apply with like effect as if a district were being created" can mean only that a protest against enlargement or reduction likewise triggers a referendum. Op. Att'y Gen., Nov. 13, 1975.

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the

resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two (§ 16-13A-2) of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating

the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159.)

Effect of amendment of 1997. — The amendment, in the third and fourth paragraphs, added "except in cases of merger or consolidation where the number of board members may equal five" at the end; in the fourth paragraph, inserted "and residing within the state of West Virginia" following "who are persons residing within the district"; in the fifth paragraph, inserted "except in the cases of merger or consolidation where the number of board members may equal five" in the middle of the paragraph; in the seventh paragraph, added the third sentence; in the ninth paragraph, added the third and fourth sentences; and made stylistic changes.

Textbooks. — Instructions for Virginia and West Virginia. Publisher's Editorial Staff (Michie).

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Compensation for additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by

express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to another state. — A

public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-3a. Removal of members of public service board.

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia. Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member may receive seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum; for districts with six hundred customers or more but fewer than two thousand customers, each board member may receive one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per

attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum; for districts with two thousand customers or more, each board member may receive one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and for districts with four thousand or more customers, each board member may receive one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum. The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three (§ 6-9A-3), article nine-a, chapter six of this code. Emergency meetings may be called as provided by said section. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located and with the public service commission. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159.)

Effect of amendment of 1997. — The amendment rewrote the second sentence; in the fourth sentence, deleted "and regulations" following "as provided for by the rules"; in the seventh sentence, substituted "as provided by said section" for "as provided by section three, article nine-a, chapter six of this code"; added "and with the public service commission" at the end of the tenth sentence; and made stylistic changes.

Compensation for performing additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his successor is employed, and his compensation shall be fixed by resolution of the board. Such general manager shall devote all or the

required portion of his time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he shall perform and exercise such other powers and duties as may be conferred upon him by the board.

Such general manager shall be chosen without regard to his political affiliations and upon the sole basis of his administrative and technical qualifications to manage public service properties and affairs of the district and he may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water or sewer service from a municipal water or sewer system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water or sewer system or public service district from which such water or sewer service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three (§ 59-3-1 et seq.), chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two (§ 16-13A-2) of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor

shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159.)

Effect of amendment of 1997. — The amendment, in the second sentence, substituted "more than fifteen thousand dollars" for "more than five thousand dollars"; and in the sixth sentence, made a stylistic change.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities or gas facilities for water, sewer or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

Eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. *State ex rel. McMillion v. Stahl*, 141 W. Va. 233, 89 S.E.2d 693 (1955).

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. *Sexton v. Public Serv. Comm'n.* 188 W. Va. 305, 423 S.E.2d 914 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered

to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. *Sexton v. Public Serv. Comm'n.* 188 W. Va. 305, 423 S.E.2d 914 (1992).

Cited in 45 Op. Att'y Gen. 506 (1953).

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued.

other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided are delinquent and the owner, user and property are liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by

a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the public service commission.

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the bureau of public health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be transported by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the bureau of public health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer

facility, and the engineer for the district has certified that such sewer facilities are available to and are adequate to serve such owner, tenant or occupant, and sewage will flow by gravity or be transported by such other methods approved by the bureau of public health from such house, dwelling or building into such sewer facilities, the district may charge, and such owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner.

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

W. Va. Law Review. — Fisher. "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?" 98 W. Va. L. Rev. 449 (1996).

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. *Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park*, 182 W. Va. 116, 386 S.E.2d 483 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. *Sexton v. Public Serv. Comm'n.* 188 W. Va. 305, 423 S.E.2d 914 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities

from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. *Rhodes v. Malden Pub. Serv. Dist.*, 171 W. Va. 645, 301 S.E.2d 601 (1983) (construing this section prior to 1980 and 1981 amendments).

Liens. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. *State ex rel. McMillon v. Stahl*, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. *McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist.*, 485 S.E.2d 434 (W. Va. 1997).

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live out-

side the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 16-13A-9a. Limitations with respect to foreclosure.

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen [§§ 16-13A-9 or 16-13A-19] of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1982, c. 74.)

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board. (1953, c. 147; 1981, c. 124.)

Textbooks. — Instructions for Virginia and West Virginia. Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited

annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia. Publisher's Editorial Staff (Michie).

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such

form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds. § 16-13A-25.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147.)

§ 16-13A-15. Bonds may be secured by trust indenture.

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or

without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

§ 16-13A-16. Sinking fund for revenue bonds.

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions. (1953, c. 147.)

§ 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or

refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. *State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist.*, 151 W. Va. 207, 151 S.E.2d 102 (1966).

Under this section, any holder of the bonds of the Union public service district shall have the right by mandamus to enforce and compel the performance of all the duties required by statute or undertaken by the district in connection with the issuance of bonds by such district. *State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist.*, 151 W. Va. 207, 151 S.E.2d 102 (1966).

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1953, c. 147.)

§ 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer or gas system to any municipality or privately-owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160.)

Effect of amendment of 1997. — The amendment, in the first paragraph, substituted "all" preceding "the members of the public service board"; and rewrote the proviso. "a majority of not less than sixty percent of" for

§ 16-13A-19. Statutory mortgage lien created; foreclosure thereof.

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

In general. — The provision granting bond-

holders a statutory mortgage lien is valid. State ex rel. McMillon v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

§ 16-13A-20. Refunding revenue bonds.

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded. (1953, c. 147.)

In general. — The only purpose for refunding bonds is the retirement or refinancing of outstanding bond issues of a particular district. Op. Att'y Gen., July 8, 1976.

Combination of bond issues. — Combination of two outstanding bond issues into one refunding bond issue may well be restricted by

the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

Previous issuance of bonds. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Op. Att'y Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

Constitutionality. — The tax exemption granted to the property, income, and bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillon v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Applied in *Rhodes v. Malden Pub. Serv.*
Dist., 171 W. Va. 645, 301 S.E.2d 601 (1983).

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court [county commission] of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect [January 29, 1960], for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court [county commission] of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein con-

tained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118.)

Permissible borrowing. — The borrowing note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

§ 16-13A-25. Borrowing and bond issuance; procedure.

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four [§ 16-13A-13, § 16-13A-20 or § 16-13A-24] of this article, without the prior consent and approval of the public service commission. The public service commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or

feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, evidence of compliance with chapter five-g [§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to: (1) Experience with the same engineering firm in the past two years requiring engineering services; or (2) completion of a construction project within the past two years requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the public service district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: Provided, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: Provided, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

(c) The public service properties to be acquired or constructed, and the cost of the public service properties;

(d) The anticipated rates which will be charged by the public service district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons for the disapproval shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159.)

Cross references. — Class II legal advertisement defined, § 59-3-2.

Effect of amendment of 1996. — The amendment, in the second paragraph, substi-

tuted "Thirty days" for "Sixty days" and inserted "public service" preceding the second occurrence of "district"; inserted "public service" in (d); and made stylistic changes.

Effect of amendment of 1997. — The amendment inserted the second and third sentences of the first paragraph.

Certificate. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. *Sexton v. Public Serv. Comm'n.* 188 W. Va. 305, 423 S.E.2d 914 (1992).

Eminent domain. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. *Sexton v. Public Serv. Comm'n.* 188 W. Va. 305, 423 S.E.2d 914 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

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| <p>Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.</p> | <p>Sec.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project; how assessments may be evidenced.
16-13B-15. Assessment certificates; assignments; designation of registrar for assessment certificates.
16-13B-16. No liability of state, county, municipality and assessment district.
16-13B-17. Payment of assessment fees; releases.
16-13B-18. Liens; recording notice of liens; suit for enforcement; priority.
16-13B-19. Reassessment for void, irregular or omitted assessments.
16-13B-20. How additional territory may be added to assessment district.
16-13B-21. Operation and maintenance of wastewater and water projects; rates and charges therefor.
16-13B-22. Liberal construction.</p> |
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§ 16-13B-1. Short title.

This article shall be known and may be cited as the "West Virginia Community Improvement Act." (1992, c. 150.)

§ 16-13B-2. Definitions.

For purposes of this article:

- (a) "Assessment certificate" means a certificate issued by a board pursuant to section fifteen [§ 16-13B-15] of this article to evidence an assessment levied