DISTRIBUTION LIST

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

Issuer
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Raymond Nichols, Secretary
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United States Department of
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and Development Council
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West Virginia Municipal Bond Commission
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sboardman@state.wv.us E-Mail Address

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80000 SERIES
30% P.C.W.
RECYCLED

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The Pre-Closing of the sale of $940,000 Clover Public Service District, Water Revenue Bond, Series 2012, will take place at 108 Court Street, Spencer, West Virginia, at 10:00 a.m., Eastern Time, on February 22, 2012. The Closing of the Series 2012 Bonds will occur on February 24, 2012. 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 that 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

RUS Bulletin 1780-12

ARC

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated 2/24, 2012, 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 **$ 2,940,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$ 1,940,000** 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 **$ 1,940,000** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$ 1,000,000** or **34.01%** 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 the Appalachian Regional Development Act of 1965, as amended, for the purpose only of defraying a part not to exceed **34.01%** 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.

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

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

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

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

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

The entire water system owned and operated by the Clover Public Service District consisting of various size water mains, two water storage tanks, a booster pump station, pressure reducing stations, fire hydrants, and miscellaneous appurtenances in 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 property 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.

(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.

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:

By James Ward

(Title) Chairman

By Allison Webb

(Title) Secretary

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Virginia M McDonald 2/24/2012

VIRGINIA M. McDONALD (Title) Area Specialist

Position 5

COPY

JUN 08 2009

RUS BULLETIN 1780-27
(Automated 8-97

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board**

OF THE **Clover Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Water System

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the **Clover Public Service District**
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

NINE HUNDRED FORTY THOUSAND AND XX / 100 DOLLARS ($940,000.00)

pursuant to the provisions of **Chapter 16 Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain suc[illegible]rance and fidelity bond coverage as may be requi[illegible]y the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed **$ 1,000,000.00**

under the terms offered by the Government; that **Chairman**

and **Secretary** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board** of the

Clover Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 4th day of June, 2009

Clover Public Service District

(SEAL)

By Jamie L Ward

Title Chairman

Attest: Ronnie L Stone

Title Board Member

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Clover Public Service District

hereby certify that the Board of such Association is composed of

3 members, of whom , 3 constituting a quorum, were present at a meeting thereof duly called and

held on the 4th day of June, 2009 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of February 22, 2012 ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 22nd day of February, 2012

Allison Webb

Allison Webb

Title Secretary

STATE OF WEST VIRGINIA,

COUNTY OF ROANE, to-wit:

I, Raymond Nichols, do hereby certify that I am the duly qualified and acting Secretary of the Public Service Board of the Clover Public Service District.

I further certify that attached hereto are Orders of the County Commission of Roane County, West Virginia, creating the Clover Public Service District and subsequently expanding its boundaries, all of which Orders remain in full force and effect with no changes, insertions, amendments or modifications having been made thereto since their respective dates of adoption.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and affixed the seal of said Public Service District as of the 24th day of February, 2012.

Secretary

(SEAL)

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

Term ..... day ..... day of ..... 19 .....

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 ½ 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 themsleves for the ½ of the above amount. The vote was unanimous.

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

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

Term ..... day ..... day of ..... 19 .....

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, Joe Evans, Neil Hedrick, Jane George, and Delmas Kyer.

[illegible] to extend Book-a-Thon

330-9

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 appering 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 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 owni or having any interest in property in such propsoed 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

George Looney
President

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.

George Allandler, Pro Tem
President

ATTEST:

Jackie C Berkhouse
Clerk

COUNTY CLERK'S CERTIFICATION

S E 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, 19 81

Court Order Book 25
Page 332

SEAL

Gene M. Ashley
Clerk County Commission, Roane Co.

By Margaret A Sturm
Deputy

ORDER BOOK 25 P. 332

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 ULS. 119 and West Virginia Route 36; thence, in a Northeasterly direction and perpendicular to the certerline 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 [illegible] 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; 1t; chg; TR

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

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.

Vc. [signature] Legal Advt. 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 Eichelberger
Notary Public of Roane County,
West Virginia

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 3565-96

ROANE COUNTY COMMISSION

REGULAR SESSION OCTOBER 22,2002

The second regular October session of the Roane County Commission was held the 22nd day of October,2002. Commissioners present were President Richard Lance, Larry White, and Judy Fouty.

AGENDA:

1.CALL MEETING TO ORDER President Richard Lance called the **2.PLEDGE OF ALLEGIANCE** meeting to order with the Pledge of Allegiance at 7:00PM.

3.APPROVAL OF MINUTES Judy Fouty moved to approve the minutes of the previous meeting as presented. Larry White seconded, vote affirmative.

4.ENLARGING BOUNDARIES FOR CLOVER PUBLIC SERVICE DISTRICT
Larry White moved to approve, with a typographical error on the first page to be corrected before sending to the Public Service Commission, to enlarge the Clover PSD as presented. Judy Fouty seconded, vote affirmative. (Copy attached)

5.ROANE HAZARD MITIGATION PLANNING COMMITTEE AGREEMENT WITH MOVRC President Richard Lance read an amended agreement.

Judy Fouty moved to approve the agreement between the Roane County Commission and Mid Ohio Valley Regional Council, with the amendment added, as presented. Larry White seconded, vote affirmative. (Copy attached)

6.DENTAL AND VISION INSURANCE FOR COUNTY EMPLOYEES
Administrative Assistant Sue Hamric presented a Dental and Vision Insurance Plan by the WVACO (WV Association of Counties), which is available as an employee payroll deduction, at no cost to the General County Fund.

Larry White moved that the Roane County Commission offer the WVACO Dental and Vision insurance plan, at no cost to the General County Fund, to all employees as a payroll deduction. Judy Fouty seconded, vote affirmative.

7. HIRING OF SUBSTITUTE CUSTODIAN FOR COURTHOUSE
Jesse William Starcher had submitted an application as substitute custodian, and was available to work as needed.

Larry White moved to offer the substitute custodian job to Jesse Starcher. Judy Fouty seconded, vote affirmative.

8. EMERGENCY MEDICAL SERVICES, INC. VEHICLES
Dr. Aaron Cottle introduced Kathy Ellis, the new administrator for Roane County Emergency Squad, Inc.

Dr. Cottle reported that the 2 new ambulances should be in service by October 23, 2002, and made requests to auction Unit 473, and to transfer Unit 474, a modular van, to the City of Spencer for use at the sewage department. The 1985 ambulance that the RCEMS, Inc. had transferred to the City would be given back to the RCEMS to auction.

Dr. Cottle made a request to use $2,440.00 from their Excess Levy Fund to replace a transmission in another ambulance.

Larry White moved to approve the expenditure of $2,440.00 from the Excess Levy Fund, for a rebuilt transmission to be purchased from Jack Garret Ford. Judy Fouty seconded, vote affirmative.

Larry White moved to honor the Roane County Emergency Squad request to auction ambulance Unit # 473, at a later date, and to transfer Unit 474, a 1994 Ford ambulance, to

1326-A

BEFORE THE COUNTY COMMISSION OF ROANE COUNTY, WEST VIRGINIA

RE: CLOVER PUBLIC SERVICE DISTRICT
LINDEN TARIFF PROJECT

ORDER

WHEREAS, a Petition for a change of boundary lines for Clover Public Service District was filed with the Roane County Commission on the 13th day of August, 2002; and,

WHEREAS, by Order of the Commission a public hearing was set on the 27th day of August, 2002, at 6:00 p.m. and for the 24th day of September, 2002, at 6:00 p.m. and;

WHEREAS, in accord with the Order of this Commission, notice of said hearing was published in the Times Record, a newspaper of general circulation in Roane County, West Virginia, on September 12, 2002, ten (10) days prior to the hearing; and,

WHEREAS, notice of said hearing was posted in five (5) conspicuous places within the proposed boundaries of the Clover Public Service District; and,

WHEREAS, a public hearing was held on September 24, 2002, at 6:00 p.m. at the County Commission Courtroom in the Roane County Courthouse in Spencer, West Virginia, as advertised.

NOW, THEREFORE, after due consideration, the Roane County Commission, upon a motion made by Larry White, seconded by Judith Fouty, all voting aye, does hereby enter the following findings of fact:

1. No objection has been raised to the proposed changing of the boundaries of the Clover Public Service District.

2. The only comments made at public hearing were in favor of the boundary change.

3. The boundary change is consistent with the long range plans for the development of water service in Roane County, West Virginia.

4. The area described in the Petition consists of that portion of Smithfield District of Roane County, West Virginia, not already within the Clover Public Service and that portion of Spencer District lying South of thereon served by the City of Spencer and east of the area served by the City of Spencer and the Walton Public Service District (old Gandeeville PSD)

5. The southern proposed boundary is formed by the district lines of Geary District and the northern boundary of the Clay Roane Public Service District. The western proposed boundary is formed by the center of the ridge which comprises the high point between the watershed drained by the Left Fork of Spring Creek and the watersheds to the west. This ridge top presents a natural landmark across which the Clover Public Service District would not be able to provide water without significant pumping and over which adjoining public service districts would not be able to provide water without providing significant pumping. The northern boundary to the east follows the county line between Roane County and Calhoun County.

6. None of the area within the area of the proposed boundary adjustment is served by any other public service district.

7. No other public service districts have indicated that they have any plans to establish water distribution systems within the area of the proposed boundary adjustment.

Based upon the above findings the Commission believes that it would be in the best interest of the citizens of Roane County, West Virginia, and the residents served the Clover Public Service District that the boundaries of the Clover Public Service District be adjusted.

Accordingly it is hereby ORDERED, subject to the approval of the Public Service Commission, that the following boundary be added to the boundaries of the Clover

Public Service District as shown on the map and plat filed in this case by the Clover Public District.

It is further ORDERED, as provided by statute, the Clerk of this Court shall send a copy of this Order to the Public Service Commission requesting their approval of the change of the boundary line adjustment for Clover Public Service District.

The description of this area by metes and bounds, courses and distances as required by statute to be added to Clover Public Service District is as follows:

BEGINNING at an existing corner of the Clay-Roane Public Service District boundary, said point being in the common boundary of Roane and Calhoun Counties and the common boundary of the Geary and Smithfield Magisterial Districts, thence with the boundary of the Geary and Smithfield Magisterial Districts and the Clay-Roane Public Service District, leaving the boundary of Roane and Calhoun Counties, with chord bearings and distances for the following 45 courses:

S 33° 57' 54" W, 1,262.48 feet to a point; thence,

S 46° 25' 51" W, 2,729.55 feet to a point; thence,

N 46° 25' 22" W, 3,659.54 feet to a point; thence,

N 34° 48' 32" W, 835.63 feet to a point; thence,

N 47° 27' 24" W, 2,118.39 feet to a point; thence,

S 49° 04' 22" W, 2,023.29 feet to a point; thence,

S 51° 10' 22" W, 2,250.44 feet to a point; thence,

N 37° 50' 20" W, 1,394.11 feet to a point; thence,

N 72° 50' 57" W, 906.20 feet to a point; thence,

S 49° 16' 34" W, 1,025.71 feet to a point; thence,

S 06° 42' 38" W, 1,508.14 feet to a point; thence,

S 59° 46' 50" W, 1,167.01 feet to a point; thence,

N 06° 02' 57" W, 1,486.50 feet to a point; thence,

N 37° 14' 14" W, 1,229.64 feet to a point; thence,

S 80° 08' 07" W, 1,371.36 feet to a point; thence,

S 66° 42' 57" W, 1,684.05 feet to a point; thence,

N 24° 31' 47" E, 1,108.36 feet to a point; thence,

N 60° 48' 59" W, 1,244.75 feet to a point; thence,

N 03° 37' 19" W, 1,549.85 feet to a point; thence,

S 56° 41' 30" W, 410.02 feet to a point; thence,

N 71° 21' 07" W, 826.64 feet to a point; thence,

S 68° 47' 41" W, 1,569.23 feet to a point; thence,

N 10° 00' 33" W, 690.11 feet to a point; thence,

N 51° 12' 45" W, 2,744.11 feet to a point; thence,

S 62° 15' 32" W, 1,739.15 feet to a point; thence,

S 13° 26' 39" W, 2,106.54 feet to a point; thence,

S 39° 26' 34" E, 802.37 feet to a point; thence,

S 44° 04' 43" W, 876.46 feet to a point; thence,

N 80° 05' 17" W, 1,045.10 feet to a point; thence,

N 27° 46' 43" W, 1,479.79 feet to a point; thence,

N 65° 51' 46" W, 827.14 feet to a point; thence,

S 62° 36' 24" W, 3,084.54 feet to a point; thence,

S 73° 42' 19" W, 2,077.77 feet to a point; thence,

S 75° 54' 11" W, 1,168.45 feet to a point; thence,

S 17° 54' 21" W, 1,328.87 feet to a point; thence,

S 80° 40' 41" W, 493.71 feet to a point; thence,

S 04° 52' 28" W, 1,293.94 feet to a point; thence,

S 50° 18' 12" W, 688.48 feet to a point; thence,

S 39° 48' 30" W, 468.36 feet to a point; thence,

S 05° 02' 34" E, 1,364.50 feet to a point; thence,

S 58° 14' 34" W, 740.57 feet to a point; thence,

S 48° 58' 37" W, 1,737.64 feet to a point; thence,

S 11° 28' 59" W, 2,008.86 feet to a point; thence,

S 43° 55' 18" W, 2,017.83 feet to a point; thence,

S 07° 00' 27" E, 423.00± feet to an existing corner of the Walton Public Service District boundary, said corner being the common point in the dividing ridges between the watersheds of Johnson Creek, Hurricane Creek and Little Lefthand Run; and intersection of County Route 54 and 23, thence with the existing boundary of the Walton Public Service District.

S 73° 20' 05" W, 704.72 feet to a point, thence,

S 75° 11' 32" W, 1,326.35 feet to a point, thence,

N 81° 23' 16" W, 353.70 feet to a point in the common boundaries of the Walton and, Smithfield Magisterial Districts, thence with the common boundary of the Walton and Smithfield Magisterial Districts.

N 34° 45' 26" W, 24,398.63 feet to a point; thence leaving the Walton and, Smithfield Magisterial Districts.

N 41° 38' 41" E, 1,510.42 feet to a point in the dividing ridges between the watersheds of Rush Creek, and Laurel Fork of the Pocatalico River; thence,

N 49° 18' 57" E, 965.14 feet to a point; thence,

N 26° 34' 27" E, 2290.40 feet to a point; thence,

S 84° 36' 46" E, 779.23 feet to a point; thence,

N 51° 29' 39" E, 1,833.09 feet to a point; thence,

S 55° 36' 43" E, 1,968.86 feet to a point; thence,

N 41° 53' 21" E, 1,709.96 feet to a point; thence,

S 71° 05' 45" E, 1,670.98 feet to a point; thence,

N 39° 57' 46" E, 2,485.40 feet to a point; thence,

N 09° 47' 19" W, 2,056.10 feet to a point; thence,

N 60° 02' 52" E, 1,435.98 feet to a point; thence,

N 86° 00' 38" E, 1,261.89 feet to a point; thence,

N 34° 58' 45" E, 2,910.76 feet to a point; thence,

N 46° 15' 25" W, 1,904.54 feet to a point; thence,

N 27° 08' 10" W, 2,568.16 feet to a point; thence,

N 61° 04' 11" E, 1,421.59 feet to a point; thence,

N 61° 26' 06" W, 1,866.62 feet to a point; thence,

N 38° 03' 29" W, crossing County Route 52/4, 1,709.60 feet to a point; thence,

N 12° 48' 35" E, 1,189.16 feet to a point; thence,

N 21° 40' 57" W, 1,228.17 feet to a point; thence,

S 69° 34' 29" W, 2,389.79 feet to a point in the Smithfield and Spencer Magisterial districts; thence,

N 30° 25' 16" W, 780.51 feet to a point in the Smithfield and Spencer Magisterial districts; thence,

S 81° 46'36" W, 1,227.54 feet to a point in the Smithfield and Spencer Magisterial districts; thence,

N 04° 25' 11" W, 1,138.18 feet to a point in the dividing ridges between the watersheds of Spring Creek, and Charles Fork; thence,

N 46° 08' 05" E, 527.87 feet to a point; thence,

N 39° 08' 21" W, 1,266.29 feet to a point; thence,

N 13° 34' 32" E, 1,247.18 feet to a point; thence,

N 35° 39' 28" E, 1,273.42 feet to a point; thence,

N 31° 22' 02" W, 783.37 feet to a point; thence,

N 19° 41' 26" E, 1,365.33 feet to a point; thence,

N 28° 13' 01" W, 1,304.68 feet to a point; thence,

N 30° 15' 59" E, 1,306.87 feet to a point; thence,

N 83° 06' 35" W, 2,229.37 feet to a point; thence,

N 24° 24' 09" W, 1,205.45 feet to a point; thence,

N 35° 22' 37" E, 1961.94 feet to a point; thence,

N 65° 15' 04" W, 2,154.79 feet to a point; thence,

N 51° 25' 48" E, 985.77 feet to a point; thence,

N 05° 29' 01" E, 1,721.83 feet to a point; thence,

N 40° 36' 24" W, crossing Charles Fork 6,876.83 feet to a point in the dividing ridges between the watersheds of Right Fork of Spring Creek, and Charles Fork; thence,

N 24° 01' 35" E, 4,282.65 feet to a point; thence,

S 64° 05' 03" E, 3,847.71 feet to a point; thence,

S 50° 05' 26" E, 8,555.13 feet to a point near Slate Run; thence,

S 77° 21' 38" E, 2,363.19 feet to a point in the dividing ridges between the watersheds of Slate Run, and Vandale Fork; thence,

N 63° 55' 23" E, 3.593.07 feet to a point in the dividing ridges between the watersheds of Laurel Run, and Vandale Fork of the Pocatalico River; thence,

S 40° 45' 46" E, 1,433.05 feet to a point; thence,

S 02° 22' 12" E, 2,304.72 feet to a point; thence,

S 38° 45' 38" E, 3,019.87 feet to a point; thence,

N 80° 38' 14" E, 1,808.37 feet to a point; thence,

S 39° 22' 24" E, 1,493.33 feet to a point; thence,

N 69° 39' 15"" E, 4,161.19 feet to a point in the dividing ridges between the watersheds of Island Run, and Clover Run; thence with same,

N 74° 51'06" E, 5,757.95 feet to a point; thence,

S 77° 59' 35" E, 1,390.95 feet to a point, thence

N 32° 56' 57" E, 2,448.22 feet to a point; thence,

N 58° 46' 42" E, 3,181.88 feet to a point; thence,

N 57° 10' 54" E, 3,137.35 feet to a point; in the common boundary of Roane and Calhoun Counties, thence with the boundary of Roane and Calhoun Counties being approximated with chord bearings and distances for the following courses:

S 57° 32' 21" E, 612.49 feet to a point, thence

S 76° 35' 00" E, 1,062.59 feet to a point; thence,

S 45° 29' 06" E, 1,004.77 feet to a point; thence,

S 00° 48' 47" E, crossing County Route 50, 1,655.59 feet to a point; thence,

S 29° 39' 12" E, 1,287.11 feet to a point; thence,

S 84° 02' 43" E, 1,358.04 feet to a point; thence,

S 60° 48' 44" E, 457.42 feet to a point; thence,

S 25° 44' 04" W, 1,433.67 feet to a point; thence,

S 50° 39' 34" E, 759.34 feet to a point; thence,

S 86° 07' 23" E, 694.56 feet to a point; thence,

S 30° 15' 59" E, 652.49 feet to a point; thence,

S 19° 14' 16" E, 534.70 feet to a point; thence,

S 35° 49' 14" E, 1,587.43 feet to a point; thence,

S 09° 06' 54" E, 1,260.42 feet to a point; thence,

S 77° 13' 34" E, 1,168.21 feet to a point; thence,

S 43° 32' 34" E, 647.88 feet to a point; thence,

S 00° 55' 28" W, 728.01 feet to a point; thence,

N 90° 00' 00" E, 798.68 feet to a point; thence,

S 31° 39' 28" E, 1,590.99 feet to a point; thence,

S 65° 48' 27" E, 1,145.98 feet to a point, thence
S 34° 19' 07" E, 1,208.30 feet to a point; thence,
S 16° 05' 49" E, 1,270.85 feet to a point; thence,
S 16° 44' 34" E, 863.99 feet to a point; thence,
S 07° 56' 09" E, 1,446.21 feet to a point; thence,
S 66° 15' 32" W, 1,283.12 feet to a point; thence,
S 20° 29' 16" W, 1,040.27 feet to a point; thence,
S 15° 35' 56" W, 1048.30 feet to a point; thence,
S 57° 51' 29" E, 1,456.49 feet to a point; thence,
S 04° 40' 24" E, 2,020.23 feet to a point near County Route 25; thence,
S 26° 15' 02" W, 929.44 feet to a point; thence,
S 38° 10' 06" E, 836.27 feet to a point; thence,
S 13° 17' 24" W, 868.59 feet to a point; thence,
S 32° 19' 48" W, 680.83 feet to a point; thence,
S 44° 25' 15" E, 1,610.96 feet to a point; thence,
S 25° 30' 23" E, 845.55 feet to a point, thence
S 12° 18' 00" E, 937.28 feet to a point; thence,
S 27° 41' 26" W, 808.81 feet to a point; thence,
S 22° 28' 07" E, 922.70 feet to a point; thence,
S 65° 57' 04" W, 720.26 feet to a point; thence,
S 02° 10' 57" W, 1,233.66 feet to a point; thence,
S 36° 33' 21" E, 1,242.35 feet to a point; thence,
S 66° 48' 35" W, 626.11 feet to a point; thence,
S 07° 51' 23" E, 687.41 feet to a point; thence,
S 38° 18' 05" E, 852.76 feet to a point; thence,
S 33° 33' 24" W, 1,296.15 feet to a point; thence,
S 33° 47' 01" E, 1,012.95 feet to a point; thence,
S 06° 05' 27" E, 885.55 feet to a point; thence,
N 78° 51' 19" E, 1,640.04 feet to a point; thence,
S 11° 46' 22" W, 863.49 feet to a point; thence,
S 43° 02' 11" E, 722.83 feet to a point; thence,

S 84° 53' 05" E, 790.08 feet to a point; thence,
S 21° 37' 21" E, 669.35 feet to a point; thence,
S 14° 49' 56" W, 825.88 feet to a point; thence,
S 63° 08' 50" W, 1,013.70 feet to a point; thence,
S 15° 47' 54" W, 1,207.95 feet to a point; thence,
S 14° 36' 08" E, 1,729.47 feet to a point; thence,
N 51° 59' 59" E, 1,296.74 feet to a point; thence,
S 03° 29' 27" E, 964.52 feet to a point; thence,
S 67° 01' 10" E, 842.02 feet to a point; thence,
S 04° 17' 27" W, 470.94 feet to a point; thence,
S 69° 04' 59" W, 855.03 feet to a point; thence,
S 04° 12' 57" W, 2,236.77 feet to a point; thence,
S 31° 42' 42" E, 1,407.71 feet to a point; thence,
S 05° 04' 41" W, 1,105.56 feet, to the point of beginning.

The herein described boundary adjustment contains 77.02 square miles, more or less.

Approved: October 22 2002

Richard Lance,
President
Roane County Commission

Attest:
Charles B. White, Jr.
Clerk
Roane County Commission

BEFORE THE COUNTY COMMISSION OF ROANE COUNTY, WEST VIRGINIA

RE: CLOVER PUBLIC SERVICE DISTRICT
LINDEN TARRIFF WATER PROJECT

ORDER

There came this 27th day of August, 2002, the Clover Public Service District and presented its Petition to change the boundary line of the Clover Public Service District and asked leave to file said Petition. The Commission granted leave and thereafter resolved that:

WHEREAS, the County Commission has received a Petition to change the boundary lines of the Clover Public Service District to enlarge the district; and,

WHEREAS, the West Virginia Code Chapter 16, Article 13-A, Section 2, provides that the County Commission may create, enlarge or change the boundary lines of a public service district subject to the review of the Public Service Commission and provides procedures for hearings upon the creation, enlargement or change of the boundary lines of a Public Service District;

NOW THEREFORE, in compliance with the provisions of statute, in order to consider the Petition of the Clover Public Service District, it is hereby ORDERED and RESOLVED that the County Commission shall hold a public hearing on the proposed boundary change of the Clover Public Service District on the 24th day of September, 2002, in the Roane County Courthouse, County Commission Room, in Spencer, West Virginia, at 6:00 p.m.

In accord with the provisions of the statute it is further ORDERED that:

1. The Clerk of the County Commission shall cause notice of hearing and a description of all of the area proposed to be included in the boundary change to be published as a Class 1 Legal Advertisement at least 10 days prior to hearing;

2. The Clerk of the County Commission shall post a notice of hearing and description of boundary change in at least 5 conspicuous places within the proposed boundaries of the Clover Public Service District described in the Petition; and,

3. That the Clerk of the County Commission shall cause a copy of this resolution of

Order to be filed with the Executive Secretary of the Public Service Commission not less than 10 days prior to the hearing set hereinabove.

Enter this 13th day of September, 2002.

Roane County Commission

Richard Lance, President

Judith Fouty, Commissioner

Larry White, Commissioner

Attest: Charles B. White, Jr.
Clerk of the County Commission
of Roane County, West Virginia

1326-L

BEFORE THE COUNTY COMMISSION OF ROANE COUNTY, WEST VIRGINIA:

RE: CLOVER PUBLIC SERVICE DISTRICT
LINDEN TARRIFF PROJECT

PETITION FOR MODIFICATION AND CHANGE TO THE BOUNDARIES OF THE CLOVER PUBLIC SERVICE DISTRICT

Comes now the Clover Public Service District, and in accord with the provisions of West Virginia Code 16-13A-2 et seq., Petitions the Commission to change the boundaries of the Clover Public Service District and in support thereof makes known to the Commission the following:

1. The Petitioner is a body politic created by the County Commission of Roane County, West Virginia, to provide water service to areas of Roane Counties, West Virginia. The Petitioner presently purchases water from the City of Spencer and maintains water lines extending South from the City of Spencer along to Route 36 to Clover in Roane County.

2. Petitioner has received numerous requests to provide water service to the area of Southern Roane County near the communities of Linden and Tarriff and working with the Roane County Commission has obtained grants and loans to allow for expansion of its water system to serve additional areas. Many of these areas are outside of the existing boundaries of Clover Public Service District. The Clover Public Service District therefore desires to expand its boundaries.

3. Attached hereto is a map prepared by James B. Hildreth of Boyles and Hildreth, Consulting Engineers, and entitled Clover Public Service District Adjustment of Water System Boundary, together with a legal description of the proposed boundary adjustment. The area proposed to be added to the Public Service District comprises approximately 77.07 square miles. It consists of that portion of Smithfield District of Roane County, West

Virginia, not already within the Clover Public Service District and that portion of Spencer District line South of the area served by the City of Spencer and East of the area served by the City of Spencer and the Walton Public Service District (old Gandeeville PSD). The southern proposed boundary is formed by the district lines of Geary District and the northern boundary of the Clay Roane PSD. The western proposed boundary is formed by the center of the ridge which comprises the high point between the watershed drained by the Left Fork of Spring Creek and the watersheds to the west. This ridge top presents a natural landmark across which the Clover Public Service District would not be able to provide water without significant pumping and over which other adjoining public service districts would not be able to provide water without providing significant pumping. The northern boundary is formed by the center of ridge between Clover Run and the waters shed of Laurel Run to the North the boundary to the east follows the County line between Roane County and Calhoun County.

This boundary is such that it brings the boundary of Clover Public Service District to the boundaries of the Walton Public Service District on the west, the boundary of the Clay Roane Public Service District on the south, the City of Spencer on the north, and Calhoun County on the east. Petitioner believes that these boundaries are natural boundaries and that adopting these boundaries would be consistent with the long range plans for the development of water service in Roane Counties.

4. None of the area within the area of the proposed boundary adjustment is served by any other public service district. No other public service districts have indicated that they have any plans to establish water distribution systems within the area for the proposed boundary adjustment.

5. Petitioner believes that this boundary change would be in the best interest of the

overall development of the water system of Roane Counties, in the best interest of the residents of the areas to be added, and of the residents of the areas served by the Clover Public Service District.

WHEREFORE, Clover Public Service District requests that this Honorable Commission:

1. Establish the boundaries of the Clover Public Service District as shown on Exhibit A hereto; and,

2. Grant such other and further relief as the Commission may deem meet and just and in the best interest of the residents of Roane County, West Virginia.

Clover Public Service District,

By Counsel.

Thomas N. Whittier, West Virginia State Bar Number 4029
P.O. Box 7
Spencer, West Virginia 25276

Clover Public Service District

3365 Clay Road
Spencer, WV 25276
(304) 927-3323

February 2, 2012

Clover Public Service District held their regular meeting at their office, 3365 Clay Road, on Thursday, January 5, 2012 at 6:30 PM. Chairman James Ward called the meeting to order.

Minutes and Treasurer's Report of previous meeting were read by Allison Webb.

Pete Nichols made a motion, seconded by Ronnie Stone, to accept minutes and treasurer's report. Motion carried.

A motion was made by Ronnie Stone, seconded by Pete Nichols, to pay all current bills. Motion carried.

Public Comments: None

Old Business:

New Business:

- Ronnie Stone made a motion, seconded by James Ward, to begin looking into who will eventually replace Steve (when the time comes for retirement) and temporarily replace Allison (when she goes on maternity leave in/near May). We need to begin advertising and taking applications/resumes. Motion carried.
- James Ward has spoken to an attorney in the Otto Road case of whether or not the state owns the road and right of way. And the preconstruction meeting has been rescheduled for Feb. 2[illegible] 2012 at Jim Hildreth's office.
- James Ward made a motion, seconded by Ronnie Stone, to continue the bond resolution scheduled for 1-5-12, until the 2-2-12 meeting at 5:30 pm here at the office (which will be published in the paper). The bond will be available for viewing here at the office on Fridays 9-12, at Jim Hildreth's office and at the County Commission office in Spencer. Motion carried.
- Officers were elected:
  Chairman – James Ward, Vice Chairman – Pete Nichols, Treasurer – Ronnie Stone, and Secretary – Allison Webb
- James Ward made a motion, seconded by Ronnie Stone, to go ahead and replace the garage door that is once again not working. Motion carried.

Adjournment:

- James Ward made a motion, seconded by Ronnie Stone to adjourn. Motion carried.

Those attending this meeting were: James Ward, Pete Nichols, Ronnie Stone, Steve Cale, Gary Mace & Allison Webb. Bill Groves attended the bond resolution meeting but it has been rescheduled for Feb. 2, 2012.

Clover Public Service District
3365 Clay Road
Spencer, WV 25276
(304) 927-3323

Chairman, James Ward
Clover Public Service District

Secretary, Allison Webb
Clover Public Service District

Treasurer's Report – February 1, 2012:

General Fund - $ 12,597.56
Reserve Account - $ 14,953.30
Depreciation Account - $ 33,193.73
Depreciation 2002 Account - $ 7,488.64
Customer Deposit Account - $ 4,622.31
Extension Project Account - $ 8,562.46
Certificate of Deposit - $ 6,114.23

4

Jim Ward

ROANE COUNTY COMMISSION

REGULAR SESSION JANUARY 27, 2009

The second regular January session of the Roane County Commission was held the 27th day of January, 2009. Commissioners present were President David Boothe, Rodney Cox, and John Greathouse.

AGENDA:

1. CALL MEETING TO ORDER President David Boothe called the meeting to
2. PLEDGE OF ALLEGIANCE order with the Pledge of Allegiance at 6:30PM.

3. APPROVAL OF MINUTES

John Greathouse moved to approve the minutes of the previous meetings as presented. Rodney Cox seconded, vote affirmative.

4. 9-1-1 CENTER RADIO BID SOLICITATION

OES/911 Director Melissa Gilbert sent a letter and specifications explaining a request to bid for 9-1-1 radio system, which had not been upgraded since approximately 1995. The E911 Fund has funding to upgrade the radio system, which is estimated to cost approximately $86,000.00.

Rodney Cox moved to approve the request to solicit bids for a new 9-1-1 radio system. John Greathouse seconded, vote affirmative.

5. WV STATE AUDITOR'S OFFICE – PURCHASING CARD PROGRAM – CATHRYN FAZZINI

Cathryn Fazzini had called Administrative Assistant Sue Hamric and asked for this to be held over for a later session, due to road conditions from snow/ice today.

6. FORMER B. F. GOODRICH BUILDING – EDA DIRECTOR MARK WHITLEY

Mark Whitley had called the county clerk's office and requested that this be held over.

7. SCOTT MILLER HILL BYPASS (ROUTE 33) PROJECT PROCLAMATION

Commissioners reviewed a Proclamation supporting the Scott Miller Hill Bypass Project as a priority for funding from President Barack Obama's Economic Stimulus Package.

Rodney Cox moved that all 3 commissioners sign the attached Proclamation, and send to our United States Senators and House of Representatives member, Governor of the State of West Virginia, and all State Senators and House of Delegate member representing Roane County. John Greathouse seconded, vote affirmative. (Copy attached)

8. APPOINTMENT TO CLOVER PUBLIC SERVICE DISTRICT

Administrative Assistant Sue Hamric reported that Jim Ward of Clover is willing to serve another term on the Clover PSD.

John Greathouse moved to reappoint Jim Ward to a six year term on the Clover Public Service District, term to expire 12/31/2014. Rodney Cox seconded, vote affirmative.

9. APPOINTMENT TO MID-OHIO VALLEY HEALTH DEPARTMENT
Rodney Cox moved to reappoint Candace Westfall to the Mid-Ohio Valley Health Department, term to expire 12/31/2013. John Greathouse seconded, vote affirmative.

10. APPOINTMENT TO HUMANE AUTHORITY
John Greathouse moved to reappoint Julie Coon to the Roane County Humane Authority, term to expire 12/31/2011. Rodney Cox seconded, vote affirmative.

11. WRECKER ROTATION POLICY THREE-YEAR REVIEW
Administrative Assistant Sue Hamric presented an updated draft wrecker rotation policy with new proposed language underlined in red, and language proposed to be deleted lined through in red. Commissioners read through the document and recommended that language be added to require a wrecker service to update information if changes are made in location or any other information on the application which is filed with the Roane County Commission. The changes will be updated, and President David Boothe recommended that the Roane County Commission send the proposed amended wrecker rotation policy with a cover letter to all law enforcement, emergency personnel, and wrecker service participants for their review and input, and this will be an agenda item for adoption at the next regular session

12. ADDITION OF BOARD OF REVIEW AND EQUALIZATION MEETING – FEB. 26 – 6:30
Commissioners set an additional board of review and equalization meeting on Thursday, February 26, 2009, at 6:30PM, for minerals and oil & gas assessments. A representative from the WV State Tax Department can be present at that meeting to address questions about mineral assessments.

13. BUDGET REVISIONS AND TRANSFERS
Rodney Cox moved to approve the budget transfers as requested by the prosecuting attorney and the sheriff and attached to the minutes. John Greathouse seconded, vote affirmative.

14. ERRONEOUS ASSESSMENTS AND CONSOLIDATIONS None presented.

15. APPROVAL OF WILLS, BONDS, SETTLEMENTS AND ESTATES
Rodney Cox moved to approve all Wills, Bonds, Settlements, and estates done in vacation of the Roane County Commission and presented by its clerk. John Greathouse seconded, vote affirmative.

16. COMMISSION BOARD REPRESENTATIVE MEETING REPORTS
Rodney Cox had no meeting reports.

John Greathouse had attended a Roane County Library Board meeting and reported that circulation is up.

President David Boothe had attended a MOVRC meeting and reported that the council was working with the members of Congress to assist in loans for depressed businesses. He also stated that he

ROANE COUNTY COMMISSION

REGULAR SESSION JANUARY 11, 2011

Raymond Nichols

The first regular January session of the Roane County Commission was held the 11th day of January, 2011. Commissioners present were President Rodney Cox, David Boothe, and Gary Mace.

AGENDA:

1. CALL MEETING TO ORDER President Rodney Cox called the meeting to order at 6:30pm.

2. Approval of Minutes

David Boothe moved to approve the minutes of the previous meeting as presented. Gary Mace seconded, vote affirmative.

3. Election of County Commission President for 2011

David Boothe moved to elect Rodney Cox as President of the Roane County Commission for 2011. Gary Mace seconded, vote affirmative.

4. County Legal Issues – Prosecuting Attorney Josh Downey

None presented.

5. Roane County Flood Insurance Rate Maps – WV Floodplain Management Program, Robert Perry, Kevin Sneed

WV Floodplain Manager Robert Perry gave his 5 minute overview of the Flood Plain Management Program. He stated that West Virginia has 12,000 miles of roads by streams, and 8,000 miles are in the approximated flood plain zones in rural areas. The "A" flood zone is approximated in rural areas, and rated by flood history and high water marks. The USGS maps are rated by flood prone quads that could have been rated by the 500 year flood instead plain instead of the 100 year flood plain. Roane County has a Flood Plain Ordinance which requires that a building permit be obtained from the OES/911 Center.

Robert Perry reported that banks require that flood insurance be obtained for the amount of a mortgage for homes located or built in a designated flood zone, to pay if the house is destroyed by a flood. The banks hire their own companies to determine if a house they are considering a loan application for is in a flood plain, and Mr. Perry said that most of those companies are located out of state.

David Boothe asked Mr. Perry why Roane County did not have elevations listed, as did neighboring counties Jackson and Calhoun, on a website he had viewed. After discussion of the website, Mr. Perry determined that Commissioner Boothe had not viewed his WV website, in which Roane County has the same elevations, which are land elevations and not flood plain elevations, listed as does neighboring counties. Mr. Perry said that Jackson County had done a flood plain study on some parts of the county, and that is why Jackson has a few elevations listed. He also reported that flood plain studies had been done in most West Virginia cities and towns, but funding was not available to do the rural areas. The only grant money he can obtain now is if a rural area has had a flooding disaster. Mr. Perry gave commissioners the correct website to view the official maps.

Robert Perry also gave information about how to obtain a letter map amendment for a house loan application to a bank when they may have determined that it is in a flood plain and it is not. There is a website to obtain this, and he said that OES/911 Director Melissa Gilbert could help with this. If a house is in a blue zone, a surveyor would have to be hired to do a flood plain elevation determination.

(2) Jim Wood for 3-year term ending 12/31/13

David Boothe moved to approve the appointments to the Camp Sheppard Advisory Committee as presented above. Gary Mace seconded, vote affirmative.

e. Economic Development Authority
(1) Jim McCulty for 3-year term ending 12/31/13
(2) Ben Robertson for 3-year term ending 12/31/13
(3) Greg Stover for 3-year term ending 12/31/13
(4) Doyle Tawney for 3-year term ending 12/31/13

Gary Mace moved to approve the appointments to the Roane County Economic Development Authority as presented above. David Boothe seconded, vote affirmative.

f. Public Service Districts
(1) Pete Nichols to Clover PSD for 6-year term ending 12/31/16

David Boothe moved to approve the appointment to the Clover PSD as presented above. Gary Mace seconded, vote affirmative.

g. 9-1-1 Advisory Committee
(1) Ray Shafer for 3-year term ending 12/31/13
(2) Ray Dietz for 3-year term ending 12/31/13

David Boothe moved to approve the appointments to the 9-1-1 Advisory Committee as presented above. Gary Mace seconded, vote affirmative.

h. Roane County Humane Authority/Society, Inc
(1) Sandy Bush for 3-year term ending 12/31/13
(2) Samantha Paxton for 3-year term ending 12/31/13
(3) Shelley Hutcheson for 3-year term ending 12/31/13

Gary Mace moved to approve the appointments to the Roane County Humane Authority/Society, Inc. as presented above. David Boothe seconded, vote affirmative.

21. Budget Revisions and Transfers
None presented.

22. Approval of Wills, Bonds, Settlements and Estates
David Boothe moved to approve all Fiduciary Orders, Wills, Bonds, Settlements, and estates done in vacation of the Roane County Commission, recorded in the appropriate books, and presented by its clerk, except the fiduciary order for the Elsie Daugherty estate which is not signed by one of the attorneys yet. Gary Mace seconded, vote affirmative.

23. Erroneous Assessments and Consolidations
None presented.

24. Commissioner Board Representative Meeting Reports
Gary Mace had attended a Parks and Recreation meeting and reported that the hunter's dinner had been a success. They had elected officers for 2011: James Harris, president; Delmas Walker, vice president; Sally Anderson, secretary; and Cathy Parsons, treasurer. It was also reported that the lights at the Bessie Jones Park in Walton had been cut back for winter.

David Boothe gave a CAEZ update on the CHOTO house being built on Water Street in Spencer, and that funds are available to build one more house.

Ronnie Stone

ROANE COUNTY COMMISSION

REGULAR SESSION SEPTEMBER 26, 2006

The second regular September session of the Roane County Commission was held the 26th day of September, 2006. Commissioners present were President Rodney Cox, Judy Fouty, and John Greathouse.
AGENDA:

1. CALL MEETING TO ORDER President Rodney Cox called the meeting to order
2. PLEDGE OF ALLEGIANCE with the Pledge of Allegiance at 7:00PM.

3. APPROVAL OF MINUTES
John Greathouse moved to approve the minutes of the previous meeting as presented. Judy Fouty seconded, vote affirmative.

4. BID CONTRACT AWARD FOR 9-1-1 CENTER BACK-UP GENERATOR
OES/911 Director Melissa Bise sent a letter stating that both bids opened on September 12, 2006, had been reviewed and both met bid specifications. It was recommended that the low bid from Walker Engine Power of Charleston, WV, in the amount of $28,100.00 be awarded.

John Greathouse moved to accept the bid from Walker Engine Power in the amount of $28,100.00. Judy Fouty seconded, vote affirmative.

5. AFLAC INSURANCE PRESENTATION- ALICE JORDAN
Alice Jordan requested that the Roane County Commission allow her to present AFLAC supplemental insurance options for disability, cancer indemnity, etc., to Roane County Commission employees, to be offered as payroll deductions.

Judy Fouty moved to allow Alice Jordan to present supplemental insurance options to Commission employees, and to allow a payroll deduction for AFLAC. John Greathouse seconded, vote affirmative. Ms. Jordan will contact county clerk for information and to set up a time.

6. ROANE COUNTY WRECKER ROTATION APPLICANT-Trevor Mertz, Inc.
Trevor Mertz, Inc., had turned in an application to be added to the northern wrecker rotation. Commissioners reviewed the application and found everything in order.

John Greathouse moved to approve the application of Trevor Mertz, Inc., to add the wrecker service to the northern rotation. Judy Fouty seconded, vote affirmative.

Danny Marks was present and asked about a situation in which a call on Vineyard Ridge had been given to him and wrong directions had been given. President Rodney Cox will have OES/911 Director Melissa Bise contacted to answer this question. President Rodney Cox reported that he has been in contact with the Public Service Commission to get

9-26-06

14. CLOVER PUBLIC SERVICE DISTRICT BOARD APPOINTMENT
John Greathouse moved to reappoint Ronnie Stone to the Clover Public Service District, with a term to expire June 30, 2012. Judy Fouty seconded, vote affirmative

15. HOMELAND SECURITY GRANT ACCEPTANCE AGREEMENT
Commissioners signed paperwork for this in agenda item #8.

16. BUDGET REVISIONS AND TRANSFERS None presented.

17. ERRONEOUS ASSESSMENTS AND CONSOLIDATIONS None presented.

18. COMMISSION BOARD REPRESENTATIVE MEETING REPORTS
Judy Fouty had not attended any meetings.

John Greathouse reported that no quorum was present for a Parks & Recreation meeting, and he had attended a Library Board meeting where it was determined that book circulation had declined.

President Rodney Cox reported that he had no meetings to attend since last meeting.

NEXT REGULAR MEETING: TUESDAY, OCTOBER 10, 2006 at 7:00PM

ERRONEOUS ASSESSMENTS (FORGIVEN)

Harold Amos Harper	40.76	Sutchai Cottrell	14.78
Gary R. Alvis Jr.	63.52	Billy or Dorothy Mollohan	29.66
Jason L. Lane	108.54		

ERRONEOUS ASSESSMENTS (REFUNDED)

Harold Amos Harper	32.51	Gary R. Alvis Jr.	61.46
Ronald Pokrandt	62.16		

GENERAL COUNTY

IRS	Federal Withholding	11211.82
Allegheny Power	Utilities	1714.19
Allegheny Power	Utilities	115.17
Appalachian Tire	Tires	674.42
Kate Burbank	Travel	237.64
Conseco Health	CAPE Cafeteria Plan	71.20
Cintas	Entry Mats	65.20
WV Public Emp. Credit Union	Credit Union Deductions	940.00
CTF Business Products	Supplies	29.99
D&D Enterprises	Cabin Demolition	12700.00
Equitable	Life Insurance	15.00

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 84278

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 Public Service District in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant) James F Ward

Subscribed and sworn to before me, in said County and State, this 9th day of December 1911.

Charles B White

WEST VIRGINIA,

Roane County Commission Clerk's Office, Dec 9 1911.

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

Attest: Charles B White

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 Clover Public Service District in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant) Raymond [illegible]

Subscribed and sworn to before me, in said County and State, this 13th day of Dec. 2011.

Charles B. White Jr.

WEST VIRGINIA,

Roane County Commission Clerk's Office, Dec. 13 2011.

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

Attest: Charles B. White

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 Clover Public Service District in and for the said County to the best of my skill and judgment: So Help Me God.

(Signature of affiant) Lonnie B Stone

Subscribed and sworn to before me, in said County and State, this 5th day of October, 2006

WEST VIRGINIA,

Roane County Commission Clerk's Office, Oct 5, 2006

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

Attest:

Clerk County Commission.

CERTIFICATION

I, Raymond Nichols, 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 Rules of Procedure of said Public Service Board adopted on July 6, 2000, and amended on February 2, 2012. I further certify that such Rules of Procedure remain in full force and effect and have not been further amended or repealed.

WITNESS my signature as of this 24th day of February, 2012.

Allison Webb
Secretary

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 lst 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.

Wheeler D. Hall Chairman

Secretary

AMENDMENT TO RULES OF PROCEDURE

CLOVER PUBLIC SERVICE DISTRICT

ARTICLE I

Section 2. The Rules of Procedure revised and adopted on July 6, 2000, are amended to change the location of the principal office to 3365 Clay Road.

In all other respects, such Rules of Procedure remain in full force and effect.

Revised this 2nd day of February, 2012.

Chairman and Member

Member

Member

CERTIFICATION

Certified as a true copy of an Amendment to the Rules of Procedure duly adopted by the Board of the Clover Public Service District on February 2, 2012.

Dated this 2nd day of February, 2012.

[SEAL]

Secretary

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

BOND RESOLUTION

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CLOVER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF PARITY WATER REVENUE BOND, SERIES 2012, OF THE CLOVER PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF NOT MORE THAN $940,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; 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, ROANE COUNTY, 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, expanded and contracted 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 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 not more than $940,000 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 $2,940,000, which will be obtained from the proceeds of sale of the Series 2012 Bond herein authorized and from a grant to be made by RUS, as hereinafter defined, in the amount of $1,000,000. The balance of the funding for the Project is expected to be provided by the Appalachian Regional Commission in the form of a grant in the amount of $1,000,000. 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 the obligations of the Issuer with which the Bond, as hereinafter defined, will rank on a parity as to lien and source of and security for payment as follows:

(i) Water System Revenue Bonds, Series 1985, of the Issuer, dated October 2, 1985 (the "1985 Bond") issued in the original principal amount of $152,000 secured under the terms of the 1985 Resolution (hereinafter defined) as to which the Bond will rank on parity;

(ii) Water System Revenue Bond, Series 1991, of the Issuer, dated March 9, 1991 (the "1991 Bond") issued in the original principal amount of $88,000 secured under the terms of the 1991 Resolution (hereinafter defined) as to which the Bond will rank on parity; and

(iii) Water Revenue Bond, Series 2001, of the Issuer, dated April 8, 2001 (the "2001 Bond") issued in the original principal amount of $285,000 secured under the terms of the 2001 Resolution (hereinafter defined) as to which the Bond will rank on parity.

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, the 1991 Resolution and the 2001 Resolution or any document 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 May 1, 2009, and all amendments thereto (the "Letter of Conditions").

K. The Issuer has been notified by RUS that interim construction financing for the Project is not required.

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.

"Bond", "2012 Bond", or "2012 Series Bond" means the $940,000 Clover Public Service District, Water Revenue Bond, Series 2012 authorized by this resolution.

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

"1985 Bond" means the outstanding Bond of the Issuer dated October 2, 1985, described in Section 1.02 F. (i) herein.

"1991 Bond" means the outstanding Bond of the Issuer dated March 9, 1991, described in Section 1.02 F. (ii) herein.

"2001 Bond" means the outstanding Bond of the Issuer dated April 8, 2001, described in Section 1.02 F. (iii) herein.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Boyles & 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.

"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 Poca Valley Bank, Inc., 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 May 1, 2009, 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.

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

"Prior Resolutions" means, collectively, the 1985 Resolution, the 1991 Resolution and the 2001 Resolution.

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

"Purchaser", "RUS", or "Government" means United States of America, United States Department of Agriculture, 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 usually shall act by its Secretary.

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

"1985 Resolution" means the resolution providing for the 1985 Bond, adopted October 2, 1985.

"1991 Resolution" means the resolution providing for the 1991 Bond, adopted March 3, 1991.

"2001 Resolution" means the resolution providing for the 2001 Bond, adopted March 19, 2001.

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

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 $2,940,000 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 2012" in the principal amount of $940,000, 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 one registered bond, 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 two and 25/100 percent (2.25%) 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 two and 25/100 percent (2.25%) 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 its Chairman, and its corporate seal shall be affixed thereto and attested by its Secretary, and the Chairman and the Secretary 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 of 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 1985 Bond, the 1991 Bond and the 2001 Bond 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)

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2012

No. R-1 Date: February 24, 2012

FOR VALUE RECEIVED, the CLOVER PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Roane County, in Roane County, West Virginia (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 Nine Hundred Forty Thousand and 00/100 Dollars ($940,000), plus interest on the unpaid principal balance at the rate of two and 25/100 percent (2.25%) 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 $3,074.00 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 Authority, 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 Authority, acting on behalf of the Rural Utilities Service, 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 WATER REVENUE BOND, SERIES 1985, THE WATER SYSTEM REVENUE BOND, SERIES 1991, AND THE WATER REVENUE BOND, SERIES 2001 OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SERIES.

The initial address of Government for purposes of bond registration is 1550 Earl Core Road, Suite 101, 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, all as of the date hereinabove written.

CLOVER PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman
3365 Spencer Road
Spencer, WV 25276

ATTEST:

By: _____
Secretary

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $	2/24/12	(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

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created or continued and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund or System Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund; and

(4) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created or continued with the Commission:

(1) Series 2012 Bond Sinking Fund;

(a) Within the Series 2012 Bond Sinking Fund, the Series 2012 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the System Revenue Fund established herein. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay 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 Bond and the Prior Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bond and the Prior 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 Bond and to amortize the principal of the Bond and the Prior 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 the first day of each month, commencing one (1) month prior to the first date of payment of principal and interest of the Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission, on a pro rata basis with the Prior Bonds, for deposit into the Series 2012 Bond Reserve Account, an amount equal to one twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Series 2012 Bond Reserve Account is equal to the Series 2012 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 2012 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 Bond Reserve Requirement.

Moneys in the Series 2012 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, as the same shall become due. Moneys in the Series 2012 Bond Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bond, as the same shall come due, when other moneys in the attendant Series 2012 Bond Sinking Fund are insufficient therefor, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2012 Bond Sinking Fund and Series 2012 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 2012 Bond Reserve Account which result in a reduction in the balance of the Series 2012 Bond Reserve Accounts to below the Series 2012 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 2012 Bond Sinking Fund for payment of debt service on the Bond.

B. As and when additional bonds ranking on a parity with the Bond and the Prior Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the bonds of such series, including such additional bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 2012 Bond Sinking Fund or into the Series 2012 Bond Reserve Account therein when the aggregate amount of funds in said Series 2012 Bond Sinking Fund and Series 2012 Bond Reserve Account are at least equal to the aggregate principal amount of the Bond issued pursuant to this Resolution then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bond Sinking Fund created hereunder, and all amounts required for said Series 2012 Bond Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 2012 Bond Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the Series 2012 Bond Reserve Account shall be invested and reinvested by the Commission in Qualified Investments, as defined herein.

The Series 2012 Bond Sinking Fund, including the Series 2012 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bond and any additional bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 2012 Bond Sinking Fund, including the Series 2012 Bond Reserve Account therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bonds or for any lawful purposes of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Registrar's fees, the Paying Agent's fees and the Depository Bank's charges then due.

E. Poca Valley Bank, Inc. is hereby designated the Depository Bank. The Commission is hereby designated as Paying Agent for the Bond.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

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

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bond not required by the Project in the Series 2012 Bond Reserve Account or as otherwise directed by RUS.

ARTICLE V

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bond, there shall be deposited with the Commission in the Series 2012 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2012 Bond Reserve Account.

B. The remaining moneys derived from the sale of the Bond shall be deposited by the Issuer as received from time to time in the Construction Fund established hereunder.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in this Resolution. Except with respect to any transfers to the Rebate Fund, moneys in the Construction Fund shall be used solely to pay Costs of the Project and, until so transferred or expended, are hereby pledged as additional security for the Bond.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

On or before the Closing Date, the Issuer shall have delivered to RUS a report listing the specific purposes for which the proceeds of the Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Construction Fund shall be made only after submission to, and approval from, RUS of the following:

(1) a completed and signed "Payment Requisition Form," and

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

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

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

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

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

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

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

Until disbursed by the Issuer, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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 $1,000,000 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 $1,000,000 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 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.

ARTICLE VII

RATES, RULES, COVENANTS, ETC.

Section 7.01. 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 in a Recommended Decision of the Public Service Commission issued April 20, 2011, in Case Number 10-1379-PWD-CN, which became a Final Order of the Public Service Commission on May 10, 2011, which Final Order is incorporated herein by reference and is made a part hereof.

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

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (customers with metered water supply)

$8.52 per 1,000 gallons used per month

MINIMUM CHARGE

5/8 inch meter	$ 25.56 per month
3/4 inch meter	$ 38.34 per month
1 inch meter	$ 63.90 per month
1-1/2 inch meter	$ 127.80 per month
2 inch meter	$ 204.48 per month
3 inch meter	$ 383.40 per month
4 inch meter	$ 639.00 per month
6 inch meter	$1,278.00 per month
8 inch meter	$2,077.80 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

$1.78 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RECONNECTION

$25.00 – To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

. 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. Repayment 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. Except through such direct payment to the Holder of the Bond, the Issuer may not defease the Bond or otherwise provide for payment thereof by escrow or like manner.

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 of the Governing Body are hereby authorized and directed to cause the Series 2012 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 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. An abstract of this Bond Resolution, determined by the Governing Body to contain sufficient information as to give notice of the contents hereof, has been published once in a qualified newspaper published and of general circulation in the Clover Public Service District, together with a notice stating that this Bond Resolution will be considered, that the Issuer contemplates the issuance of the Bond, that any person interested may appear before the Public Service Board upon a date certain, not less than ten (10) days subsequent to the date of publication of such abstract of this Bond Resolution and notice, and present protests, and that a certified copy of the Resolution is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such meeting, all objections and suggestions were heard, and the Governing Body took such action, as it shall deem proper in the premises.

CLOVER PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman

Attest:

By: _____
Secretary

CERTIFICATION

I, Allison Webb, Secretary 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 February 2, 2012. 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 as of this 24th day of February, 2012.

Allison Webb
Secretary

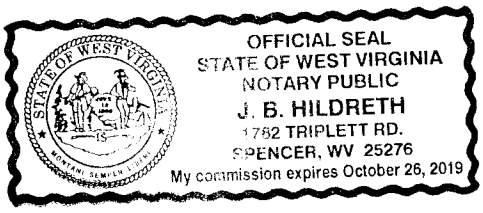
STATE OF WEST VIRGINIA,

COUNTY OF ROANE, to-wit:

The foregoing instrument was acknowledged before me this 22nd day of February, 2012, by James Ward, the Chairman of the Clover Public Service District, and Allison Webb, the Secretary of the Clover Public Service District, a public service district created and expanded pursuant to the Act by orders issued by The County Commission of Roane County, on behalf of said public service district.

My commission expires 10.26.2019.

NOTARY PUBLIC



Clover Public Service District

3365 Clay Road
Spencer, WV 25276
(304) 927-3323

March 1, 2012

Clover Public Service District held their regular meeting at their office, 3365 Clay Road, on Thursday, February 2, 2012 at 6:30 PM. Chairman James Ward called the meeting to order.

Minutes and Treasurer's Report of previous meeting were read by Allison Webb.

Ronnie Stone made a motion, seconded by Pete Nichols, to accept minutes and treasurer's report. Motion carried.

A motion was made by Ronnie Stone, seconded by Pete Nichols, to pay all current bills. Motion carried.

Public Comments:

- Bill Groves – suggested we increase insurance per life on the bond, suggested excess funding be spent on things other than funding the next extension project

Old Business:

New Business:

- James Ward made a motion, seconded by Ronnie Stone to vote on the bond resolution as presented by Mr. Bragg of Goodwin & Goodwin. Motion carried.
- Pete Nichols made a motion, seconded by Ronnie Stone to change the address on the rules of procedures. Motion carried.

Adjournment:

- James Ward made a motion, seconded by Ronnie Stone to adjourn. Motion carried.

Those attending this meeting were: James Ward, Pete Nichols, Ronnie Stone, Steve Cale, Gary Mace, Jim Hildreth, Bill Bragg, Allison Webb & Bill Groves

James Ward
Chairman, James Ward
Clover Public Service District

Allison Webb
Secretary, Allison Webb
Clover Public Service District

NOTICE TO RESIDENTS OF CLOVER PUBLIC SERVICE DISTRICT

AND OTHER PERSONS INTERESTED IN RESOLUTION FOR PROPOSED ISSUANCE OF NOT MORE THAN $940,000 WATER REVENUE BOND SERIES 2012

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A, as amended, you are hereby notified that a meeting of the Public Service Board (the "Board") of the Clover Public Service District (the "Public Service District") will be held on the 2nd day of February, 2012, to consider for adoption a Resolution entitled "Resolution Authorizing the Acquisition and Construction of Public Service Properties and Issuance of Parity Water Revenue Bond, Series 2012, of the Clover Public Service District, in the Amount of Not More Than $940,000, to Finance the Acquisition and Construction of Improvements to a Public Water System; Defining and Prescribing the Terms and Provisions of the Bond; 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" (the "Resolution") to authorize the issuance of Water Revenue Bond, Series 2012 (the "Bond"), of the Public Service District in the amount of not more than $940,000. The Bond will provide a portion of the funds to finance the cost of the acquisition, construction and extension of betterments and improvements for the existing water system of the Public Service District including the construction of new lines and other improvements within the Public Service District.

The entire amount of the principal of and interest on the Bond will be paid solely and only from the revenues received from operation of the

6B THURSDAY, JANUARY 19, 2

HOMES FOR SALE
Purchase your own home! We can help! 888-369-5002

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA, COUNTY OF ROANE, To-wit: I, Starr Hedges, do solemnly swear that I am Legal Advertising Manager of Spencer Newspapers Inc., a corporation, publisher of the newspaper entitled the **Roane County Reporter**, a Democratic newspaper; that I have been duly authorized 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 3, Chapter 59 of the Code of West Virginia, 1931, as amended, within the publication area of the aforesaid municipality and county and adjoining counties; 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

NOTICE TO RESIDENTS

was published ONE time(s) in said newspaper on the following dates:

JANUARY 19, 2012

and the cost of publishing this said notice was $74.52

Starr Hedges

Legal Advertising Manager

Subscribed and sworn to before me in my said county this 26 day of Jan, 2012

Angela D Burke

Notary Public of Roane County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ANGELA D. BURKE
3709 CHARLESTON ROAD
WALTON, WV 25286
My commission expires January 11, 2018

be paid solely and only from the revenues received from operation of the water system of the Public Service District to be amortized over a period of 38 years. The Resolution provides provisions with respect to the final interest rate which may be but cannot exceed 4.5% per annum which may be finally determined therein or by supplemental resolution.

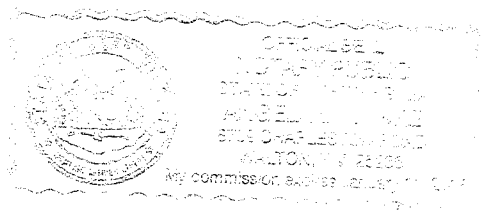
A copy of the Resolution and a copy of the plans and specifications of the proposed project are available for examination by any interested person at (i) the Public Service District's office during regular office hours of such office which are from 9:00 a.m. to 12:00 p.m., each Friday, (ii) the offices of Boyles and Hildreth, 108 Court Street, Spencer, WV, during regular office hours which are from 9:00 a.m. to 4:00 p.m., Monday through Friday, and (iii) the Roane County Commission, 200 Main Street, Spencer, WV, during regular office hours which are from 9:00 a.m. to 4:00 p.m., Monday through Friday.

The meeting will be held at the Public Service District's office located in Clover, West Virginia, on the 2nd day of February, 2012, at 5:30 p.m., and any person or persons interested may appear before the Board and be heard as to whether or not the Resolution shall be put into effect. All suggestions, protests and objections to the issuance of the Bond will be heard by the Board.

Dated this 10th day of January, 2012.

CLOVER PUBLIC
SERVICE DISTRICT
Roane County, West Virginia
James Ward, Chairman
Raymond Nichols, Secretary

1t 1/19/12 B



$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

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, 1991 AND 2001 RESOLUTIONS AND BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY 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 2012, No. R-l, in the principal amount of $940,000, bearing interest at the rate of 2.25% 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 adopted by the Public Service Board of the Issuer (the "Board") and effective on February 2, 2012 (the "Resolution").

2. AWARD OF BOND: The entire issue of the Bond has been duly awarded to the United States Department of Agriculture, Rural Development (the "Purchaser"), pursuant to a Letter of Conditions, as amended, from the Purchaser 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 AND BIDDING: 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 from the West Virginia Public Service Commission ("PSC") awarded in Case No. 10-1379-PWD-CN. Competitive bids for construction of the Project were solicited in accordance with West Virginia law.

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. Upon issuance and delivery of the Bond, the Issuer will have the Bond and its Water Revenue Bond, Series 1985, Water Revenue Bond, Series 1991, and Water Revenue Bond, Series 2001 (collectively, the "Prior Bonds" and together with the Bond, the "Bonds"), as debt outstanding, which Bonds constitute a shared, first parity lien on the Net Revenues of the System. The Issuer has obtained the consents of the holders of the Prior Bonds to the issuance of the Bond.

6. SIGNATURES: The undersigned CHAIRMAN and SECRETARY 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:

Orders Creating, Expanding and Contracting the Issuer
Bond Resolution
Notice of Meeting to Approve Resolution
Minutes of Meeting Approving Resolution
Rules of Procedure
Orders Appointing Members of Public Service Board
Oaths of Office of Chairman, Secretary and Members of Board
Rate Tariff
Public Service Commission Certificate of Convenience and Necessity
West Virginia Infrastructure and Jobs Development Council Approval Letter

8. PUBLIC SERVICE COMMISSION ORDER; RATES: The Issuer hereby covenants that it has filed or will file information with the PSC and has taken or will take all action required to maintain the Recommended Decision entered on April 20, 2011, which became a Final Order on May 10, 2011, in full force and effect. The rates approved by the Recommended Decision entered on April 20, 2011, will be adopted as required therein. The Issuer has complied or will comply with all requirements of the PSC to make the rates valid and effective, and such rates will be put into 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 Commission of Roane County, located in Roane County, West Virginia. The governing body of the Issuer is the Chairman, its Board consisting of three (3) Board Members and the Secretary, whose names, terms and offices are as follows:

Name	Term	Office
James L. Ward	12/31/14	Chairman
Raymond P. Nichols	12/31/16	Member
Ronnie Stone	6/30/12	Member
Allison Webb		Secretary

The duly appointed and acting Attorney for the Issuer is Drew Patton.

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 upon the Series 2012 Bond at the rate of 2.25% 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 2.25 % 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 75 bona fide users and has deposited or will deposit forthwith the sum thereof in the 2012 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.

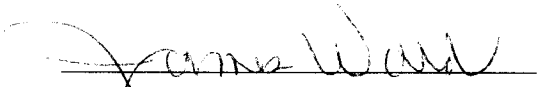
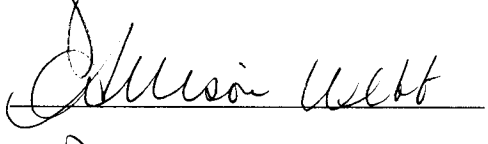
16. RATES AND CHARGES: Based upon information submitted by the Certified Public Accountant, the rates and charges for the System approved on April 20, 2011, effective for all services rendered upon substantial completion of the Project, will, so long as the Bond and all Prior Bonds are outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bond and the Prior Bonds, (b) the principal amount of the Bond and the Prior Bonds at or before their maturity and (c) a margin of safety or reserve for the Bond and the Prior Bonds and for the payment into the Reserve Accounts created for the Bond and the Prior Bonds. The Issuer will approve and take the necessary steps to implement the rates approved by the Public Service Commission of West Virginia on April 20, 2011, in Case No. 10-1379-PWD-CN.

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, 1991 AND 2001 RESOLUTIONS AND BONDS: All payments have been made under the 1985, 1991 and 2001 Resolutions, and there are no defaults in the terms and conditions of the 1985, 1991 and 2001 Resolutions or Bonds.

WITNESS our signatures and the official corporate seal of the CLOVER PUBLIC SERVICE DISTRICT as of this 24th day of February, 2012.

(CORPORATE SEAL)

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Attorney for Issuer

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012

CERTIFICATE OF CONSULTING ENGINEER

I, James B. Hildreth, P.E., of Boyles and Hildreth Consulting Engineers, Spencer, West Virginia, a Registered Professional Engineer, West Virginia License No. 7719, hereby certify that I am the engineer for the acquisition, construction and equipping of certain additions, betterments and improvements to the water system (herein called the "Project") of the Clover Public Service District (the "Issuer"), located in Roane County, West Virginia, a portion of which cost is being financed by the above-captioned bond (the "Bond") of the Issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution adopted by the Public Service Board of the Issuer on February 2, 2012 (the "Resolution").

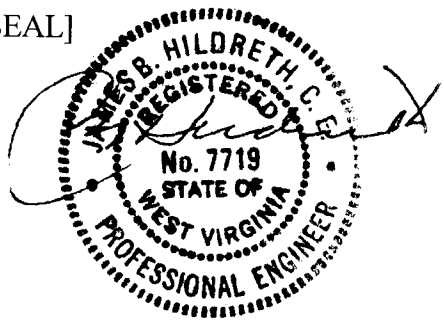
1. The Bond is being issued for the purpose of financing a portion of the cost of the Project.

2. The undersigned hereby certifies that in his opinion and to the best of his knowledge after due inquiry (i) the Project will consist of the acquisition, construction and equipping of water system improvements based upon approved plans, specifications and designs which will be prepared by my firm and which have been or will be approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it will be constructed and will, with proper operation and maintenance, have an estimated useful life of at least forty (40) years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing, and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds, (iv) the chosen bidder received any and all addenda to the original bid documents, (v) the bid documents reflect the Project as approved by all required governmental agencies; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof, (vii) the Issuer has obtained or will obtain all permits required by the laws of the State and the federal government necessary for the construction of the Project, (viii) the net proceeds of the Bond, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are or will be sufficient, in normal instances, to pay the costs of acquisition, construction and equipping of the Project, and (ix) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature as of the 24th day of February, 2012.

BOYLES AND HILDRETH CONSULTING ENGINEERS

[SEAL]



By: _____
West Virginia License No. 7719

OTTO ROAD - VANDALE FORK WATER EXTENSION PROJECT
CLOVER PUBLIC SERVICE DISTRICT
Roane County, West Virginia

REVISED PROJECT BUDGET

Contract No. 1 - Bruce Allen, Inc.		$ 1,875,033
Construction Contingencies		187,503
Administrative		-
Engineering (basic services)		147,500
Engineering (special services)		20,000
Inspection		140,000
Land and Right-of-way		10,000
Capitalized Interest		52,000
Legal		20,000
Bond Counsel		19,500
Accounting		1,500
Equipment		280,000
Cost Underrun		140,088
	Subtotal	$ 2,893,125
	Contingencies	46,875
	TOTAL ESTIMATED PROJECT COST	$ 2,940,000
	AVAILABLE FUNDS	$ 2,940,000

BOYLES AND HILDRETH, CONSULTING ENGINEERS

SPENCER, WV RIPLEY, WV

$940,0000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

I, Lisa K. Thornburg, a Certified Public Accountant, License No. 1420, of Milton, West Virginia, have reviewed the water service rates, which were adopted by the Clover Public Service District (the "District"), by a Rate Tariff issued August 22, 2007, which became effective for all services rendered on or after July 25, 2007, filed with the Public Service Commission of West Virginia. Based upon projected operation and maintenance expenses and anticipated customer usage, it is our opinion that the schedule of rates set forth in the Rate Tariff are adequate to pay operation and maintenance expenses of the System, as defined in the Bond Resolution, hereinafter described, to pay the principal of and interest, if any, on the 2012 Bonds and the Prior Bonds, as defined in the Bond Resolution, and to meet the one hundred fifteen percent (115%) debt service coverage requirement of the Prior Bonds and the 2012 Bonds and the Bond Resolution adopted by the Public Service Board of the District on February 2, 2012. It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 2012 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the 2012 Bonds, will be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the 2012 Bonds and the Prior Bonds.

WITNESS my signature as of this 24th day of February, 2012.

By: Lisa K. Thornburg
Lisa K. Thornburg, CPA
License No. 1420

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Allison Webb, the duly elected Secretary 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 $940,000 Clover Public Service District, Water Revenue Bond, Series 2012, 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, that the terms and conditions included in said documents are still in full force and effect as of the date hereof, and that said documents 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. Bond Resolution adopted on February 2, 2012.

2. Public Service Commission Recommended Decision entered on April 20, 2011.

3. Infrastructure and Jobs Development Council Approval.

4. County Commission Orders Creating and Expanding Clover Public Service District.

5. County Commission Orders Appointing Board Members.

6. Oaths of Office of Board Members.

7. Rules of Procedure revised on July 6, 2000, and amended on February 2, 2012.

8. Water Purchase Contract dated May 11, 1984, between the City of Spencer and the District.

9. Minutes of Current Year Organizational Meeting.

10. Minutes on Adoption of Bond Resolution.

11. Affidavit of Publication of Notice of Public Hearing on Adoption of Bond Resolution.

12. Evidence of Insurance.

WITNESS my signature and the official seal of the Clover Public Service District as of the 24th day of February, 2011.

(SEAL)

Secretary

10:21 AM JUN 21 11 PSC EXEC SEC DIV

P.S.C. W. Va. No. 6
Canceling P.S.C. W. Va. No. 5

CLOVER PUBLIC SERVICE DISTRICT, a public utility

OF

SPENCER, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

within the territorial boundaries of the District in Smithfield and Spencer Magisterial District, Roane County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

RECEIVED
2007 AUG 27 PM 1:45
W. VA. PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Issued August 22, 2007

Effective for all services rendered on and after July 25, 2007 or as otherwise provided herein

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 07-0297-PWD-30B final
July 25, 2007or as otherwise provided herein.

Issued by Clover Public Service District, a public utility

By James Ward
Chairman
Title

RULES AND REGULATIONS

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

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (Customers with metered water supply)

$7.34 per 1,000 gallons used per month

MINIMUM CHARGE

No minimum bill will be rendered for less than $21.45 per month, which is the equivalent of 3,000 gallons of water.

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

The above minimum charges are subject to an additional $0.19 per 1,000 gallons of water used.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an Applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This preconstruction tap fee will be invalid after the completion of construction adjacent to an Applicant's premises that is associated with a certificate proceeding.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

$1.75 per M. gallons. To be used when the bill reflects unusual consumption, which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RECONNECTION FEE

$25.00 - To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills or fraudulent use of water

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District or a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SUPPLEMENT NO. 1 TO P.S.C. W. VA. TARIFF NO. 6

CLOVER PUBLIC SERVICE DISTRICT, a public utility

OF

SPENCER, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

within the territorial boundaries of the District in Smithfield and Spencer Magisterial District, Roane County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued May 26, 2011

Effective for all services rendered upon substantial completion of the project approved or as otherwise provided herein

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 10-1379-PWD-CN final May 10, 2011
or as otherwise provided herein.

Issued by Clover Public Service District, a public utility

By _____

_____
Title

RULES AND REGULATIONS

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

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale water service.

(I) RATES (customers with metered water supply)

$8.52 per 1,000 gallons used per month

(C,I) MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter serving the customer.

	5/8 inch connection	$ 25.56 per month
	3/4 inch connection	$ 38.34 per month
1	inch connection	$ 63.90 per month
1 - 1/2	inch connection	$ 127.80 per month
2	inch connection	$ 204.48 per month
3	inch connection	$ 383.40 per month
4	inch connection	$ 639.00 per month
6	inch connection	$1,278.00 per month
8	inch connection	$2077.80 per month

(O)

(C) DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(I) Indicates increase
(C) Indicates change in text
(O) Indicates omission

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 10-1379-PWD-CN final May 10, 2011 and to become effective upon substantial completion of the project approved in the Order.

Rates will become effective when the project is certificated to be substantially complete

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an Applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This preconstruction tap fee will be invalid after the completion of construction adjacent to an Applicant's premises that is associated with a certificate proceeding.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

(C,I) LEAK ADJUSTMENT

$1.78 per1,000 gallons is to be used when the bill reflects unusual consumption, which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RECONNECTION FEE

$25.00 - To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills, or fraudulent use of water

(C) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

(N) SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

(C) Indicates change in text
(I) Indicates increase
(N) Indicates new

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 10-1379-PWD-CN final May 10, 2011 and to become effective upon substantial completion of the project approved in the Order.
Rates will become effective when the project is certificated to be substantially complete.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 20, 2011

FINAL

5/10/2011

CASE NO. 10-1379-PWD-CN

CLOVER PUBLIC SERVICE DISTRICT,
a public utility, Spencer, Roane County.
Application for a certificate of public convenience and necessity to construct, own and operate a water system extension at Otto Road and Vandale Fork, Roane County.

RECOMMENDED DECISION

PROCEDURE

On August 31, 2010, the Clover Public Service District (Clover or District), Spencer, Roane County, filed a duly verified application for a certificate of public convenience and necessity to construct certain additions and improvements to the Clover water distribution system in Roane County consisting of six and two-inch waterline, pressure reducing valves and necessary appurtenances. At an estimated cost of $2,940,000, the proposed project will be funded by a Rural Utilities Service loan in the amount of $1,000,000; a Rural Utilities Service grant in the amount of $940,000; and an Appalachian Regional Commission grant in the amount of $1,000,000.

By Commission Order entered on August 31, 2010, the District was ordered to publish the Notice of Filing of its certificate application in the counties where Clover provided service as a Class I legal advertisement in a newspaper published and of general circulation, making due return to the Commission of proper certification of publication within thirty (30) days from the date of publication. Additionally the Commission ordered that the District complete, within thirty days of the August 31, 2010 order, the mailing of separate notices to each of its customers of the rate increase associated with the project by one or a combination of methods outlined in its August 31, 2010 order and file proper certification that the notice was provided.

On September 16, 2010, the Clover Public Service District filed affidavits of publication purporting to confirm that it had published the proper Notice of Filing of the proposed project in the Roane County Reporter and The Times Record.

On November 23, 2010, Commission Staff recommended that the certificate application be dismissed, without prejudice, unless the application was tolled so that the deficiencies associated with the application could be cured.

On November 30, 2010, the District requested that its certificate application be tolled for 60 days.

By Commission Order entered on December 6, 2010, the certificate application was tolled for 60 days and the decision due date was extended until March 14, 2011.

On January 10, 2011, the District filed a revised Rule 42 Exhibit.

On February 4, 2011, Commission Staff filed its final substantive recommendation in this case recommending approval of the certificate application subject to certain conditions. A copy of that recommendation was mailed to the District by United States First Class Mail, postage prepaid, along with a cover letter advising the District of its right to respond to Staff's recommendation. As of today's date, the District has filed no response thereto.

By Procedural Order entered on March 8, 2011, the Administrative Law Judge recommended that the Clover Public Service District obtain a tolling of its certificate application, to allow proper publication of the Notice of Filing and to provide individual notices to its customers of the rate increase associated with the project, and an appropriate extension in the decision due date or its certificate application would be dismissed, without prejudice.

On March 9, 2011, the District filed a motion to toll its certificate application for a period of 90 days in order to allow it sufficient time publish a proper notice and to allow for the possibility of a protest, an intervention request and/or hearing.

By Commission Order entered on March 11, 2011, the statutory decision date was tolled until 12:01 a.m., on July 25, 2011, and the decision due date was extended until June 13, 2011.

On April 1, 2011, Affidavits of Publication were filed by the District evidencing that it had published the proper Notice of Filing of the proposed project in the Roane County Reporter and The Times Record, respectively, on March 17, 2011, as a Class I legal advertisement. Additionally, the District certified that it had mailed to each customer on March 16, 2011, a separate notice of the rate increase associated with the proposed project. No protest has been received in response to those notifications.

DISCUSSION

The Clover Public Service District currently provides water service to 321 customers along Route 36 between the City of Spencer and Clover in Roane County. The Clover Public Service District is a sale-for-resale customer of the City of Spencer from which it purchases its total supply of finished water. If approved, the proposed project will provide potable water service to an additional 75 households in the areas of Linden, Looneyville, Tariff, and Left Hand. Water quality in these areas is insufficient and poor. These areas will also be provided with fire protection.

It is estimated that the proposed project, once let to bid, will cost $2,940,000 and will be financed by a $940,000 loan from the United States Department of Agriculture (USDA) at a 2.75% interest rate for a term of 40 years, a grant from the USDA in the amount of $1,000,000 and a grant in the amount of $1,000,000 from the Appalachian Regional Commission. The commitment letters for these funding sources are contained in the case file. The District proposes to increase rates and charges by 16.1% in order to support the project.

On March 17, 2011, the Clover Public Service District published the Notice of Filing of its proposed project in the Roane County Reporter, a newspaper published and of general circulation in Spencer, Roane County, West Virginia, as Class I legal advertisement. Also, the District published notice of the proposed project in The Times Record on March 17, 2011. Like the Roane County Reporter, it, too, is a newspaper published and of general circulation in Spencer, Roane County, West Virginia. Those Affidavits of Publication filed with the Commission on April 1, 2011, substantially comply with the Commission's Notice of Filing Order and the notice requirements of West Virginia Code §24-2-11. Additionally, the District filed an affidavit stating that it had mailed on March 16, 2011, a postcard notice to all of its customers that it was seeking a rate increase. As of today's date, no protest has been filed to the proposed application or to the rate increase.

The Clover Public Service District was issued Permit No. 18,583 by the State of West Virginia Office of Environmental Health Services. That Office certified on May 27, 2010, that the plans, specifications, application forms, and other essential information presented by the District supported the granting of the permit to install approximately 55,200 linear feet of 6-inch and 2,900 linear feet of 2-inch water lines; two pressure reducing stations; and all necessary valves, controls and appurtenances for the proposed project. See application filed on August 31, 2010.

The District adjusted O&M expenses by $13,750 in anticipation of serving the additional 75 customers. Those customers are expected to generate approximately $24,998, annually. After adjustments made by Staff, the post-project projected cash flow analysis results in a cash surplus of $4,671 and debt service converge of 117.22%. Therefore, the proposed project, being fully funded and its expenses being covered by the proposed rate increase, is financially feasible.

Staff corrected the District's leak adjustment rate from $1.75 per thousand gallons to $1.49 per thousand gallons; updated the minimum charge and returned check charge language; and added the Commission's security deposit language to the tariff that it is recommending for approval for use by the District.

FINDINGS OF FACT

1. On August 31, 2010, the Clover Public Service District, Spencer, Roane County, filed a duly verified application for a certificate of public convenience and necessity to construct certain additions and improvements to the Clover water distribution system in Roane County, at an estimated cost of $2,940,000. The proposed project will be funded by a Rural Utilities Service loan in the amount of

$1,000,000; a Rural Utilities Service grant in the amount of $940,000; and an Appalachian Regional Commission grant in the amount of $1,000,000.

2. Customers rates are anticipated to raise by 16.1% as a result of the project. (See, application and attachments filed in this case with the Commission on August 31, 2010).

3. The first publication of the Notice of Filing Order was completed on September 9, 2010; however, that notice publication was deficient in that the entire notice as required by the Commission's August 31, 2010 Order was not published. (See, Notice of Filing Order entered on August 31, 2010; Affidavit of Publication filed on September 16, 2010).

4. On January 10, 2011, the District filed a revised Rule 42 Exhibit. (See, District filing made on January 10, 2011).

5. After investigation and review, Commission Staff recommended that the Commission grant a certificate of public convenience and necessity to the Clover Public Service District to construct certain additions and improvements to its existing water system at an approximate cost of $2,940,000; that the proposed financing for the project be approved; and that the rates for the District's customers be increased by 16.1% in order to finance the project. (See, Further Final Joint Staff Memorandum filed on February 4, 2011).

6. On March 9, 2011, the District filed a motion to toll its certificate application for a period of 90 days in order to allow it sufficient time publish a proper notice and to allow for the possibility of a protest, an intervention request and/or hearing. (See, motion filed by the District on March 9, 2011).

7. By Commission Order entered on March 11, 2011, the statutory decision date was tolled until 12:01 a.m., on July 25, 2011, and the decision due date was extended until June 13, 2011. (See, Commission Order entered on March 11, 2011).

8. Notice of Clover's project was republished in the Roane County Reporter and The Times Record, respectively, on March 17, 2011, as a Class I legal advertisement. Additionally, the District certified that it had mailed to each customer, on March 16, 2011, a separate notice of the rate increase associated with the proposed project. No protest has been received in response to those notifications. (See, affidavits filed on April 1, 2011; case file generally).

9. If approved, the proposed project will provide potable water service to an additional 75 households in the areas of Linden, Looneyville, Tariff, and Left Hand. Water quality in these areas is insufficient and poor. These areas will also be provided with fire protection service as a result of the project's construction. (See, Further Final Joint Staff Memorandum filed on February 4, 2011).

10. The Clover Public Service District was issued Permit No. 18,583 by the State of West Virginia Office of Environmental Health Services. That Office certified on May 27, 2010, that the plans, specifications, application forms, and other essential information presented by the

District supported the granting of a permit to install approximately 55,200 linear feet of 6-inch and 2,900 linear feet of 2-inch water lines; two pressure reducing stations; and all necessary valves, controls and appurtenances for the proposed project. Likewise, the Technical Analysts review of the project's plans and specifications did not reveal any conflicts with the Commission's rules and regulations. (See, application filed on August 31, 2010; Further Final Joint Staff Memorandum filed on February 4, 2011).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project because the proposed project will provide potable water service to an additional 75 households in the areas of Linden, Looneyville, Tariff, and Left Hand. Water quality in these areas is insufficient and poor. These areas will also be provided with fire protection. Furthermore, the project is financially feasible, since it is fully funded and the funding commitments are contained in the case file.

2. It is reasonable to grant the certificate application filed by the Clover Public Service District, as modified on January 10, 2011, without hearing and subject to Staff's recommendations, since the application was republished on March 17, 2011, as a Class I legal advertisement and no protest was received thereto.

ORDER

IT IS, THEREFORE, ORDERED that the verified application filed by the Clover Public Service District on August 31, 2010, as amended on January 10, 2011, for a certificate of public convenience and necessity to extend its facilities along Route 36 between the City of Spencer and Clover in Roane County in order to provide potable water service to an additional 75 households in the areas of Linden, Looneyville, Tariff, and Left Hand, at an estimated cost of $2,940,000, be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed funding for the project, consisting of a Rural Utilities Service loan in the amount of $1,000,000 with terms of a 2.75% interest rate for 40 years; a Rural Utilities Service grant in the amount of $940,000; and an Appalachian Regional Commission grant in the amount of $1,000,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Clover Public Service District be, and hereby is, granted approval to use the rates approved herein, and attached hereto as Appendix A, upon substantial completion of the project. An original and at least five (5) copies of the approved rates must be filed with the Commission no later than thirty (30) days from the date of the certificate of substantial completion.

IT IS FURTHER ORDERED that the approval of the Clover Public Service District project is contingent upon the District receiving all necessary federal, state and local permits and approvals for the proposed construction. Any additional permits and approvals must be filed with the Public Service Commission upon receipt and prior to construction.

IT IS FURTHER ORDERED that the Clover Public Service District obtain additional Commission approval, prior to construction, if the plans or scope of the project changes.

IT IS FURTHER ORDERED that, if a change in the project cost does not change project rates, no additional Commission approval is necessary, however, the Clover Public Service District will be required to file an affidavit executed by its certified public accountant, verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that the Clover Public Service District file with the Commission a copy of the engineer's certified bid tabulations for all contracts awarded for the project and submit a copy of the Certificate of Substantial Completion issued for each construction contract associated with the project, as soon as they become available.

IT IS FURTHER ORDERED that, if the project certificated herein requires the use of any West Virginia Department of Highways' rights-of-way, the Clover Public Service District follow all applicable rules and regulations of the Department of Highways regarding those rights-of-way.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Meyishi Pearl Blair
Administrative Law Judge

MPB:s:cdk
101379aa.wpd

CLOVER PUBLIC SERVICE DISTRICT
CASE NO. 10-1379-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (customers with metered water supply)

$8.52 per 1,000 gallons used per month

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter serving the customer.

5/8-inch meter	$ 25.56 per month
3/4-inch meter	$ 38.34 per month
1 -inch meter	$ 63.90 per month
1-1/2-inch meter	$ 127.80 per month
2 -inch meter	$ 204.48 per month
3 -inch meter	$ 383.40 per month
4 -inch meter	$ 639.00 per month
6 -inch meter	$1,278.00 per month
8 -inch meter	$2,077.80 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

$1.78 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RECONNECTION

$25.00 - To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 28th day of December 2011.

CASE NO. 10-1379-PWD-CN (REOPENED)

CLOVER PUBLIC SERVICE DISTRICT, a public utility,
Spencer, Roane County.

Application for a certificate of public convenience and necessity to construct, own and operate a water system extension at Otto Road and Vandale Fork, Roane County.

COMMISSION CORRECTIVE ORDER

The Commission corrects errors relating to funding amounts for this project.

BACKGROUND

On May 10, 2011, the Commission granted Clover Public Service District a certificate of public convenience and necessity to extend its facilities along Route 36 between the Spencer and Clover to provide water service to 75 households in the Linden, Looneyville, Tariff and Left Hand areas. The Commission also approved the following funding for the project:

U.S. Dept. of Agriculture Rural Utilities Service loan at 2.75% interest for 40 years	$1,000,000
Rural Utilities Service grant	$940,000
Appalachian Regional Commission grant	$1,000,000
TOTAL	$2,940,000

Rec. Dec. at 5-6, Clover PSD, Case No. 10-1379-PWD-CN (Apr. 20, 2011, final May 10, 2011).

On December 8, 2011, Clover PSD filed a Motion for a Corrective Order, advising that the RUS funding amounts were transposed in these sections of the Recommended Decision: 1) first paragraph under Procedure, 2) Finding of Fact Number 1, and 3) second ordering paragraph. The RUS loan is for $940,000 and the RUS grant is for $1,000,000. The correct amounts were stated in Clover PSD's certificate application and in the second paragraph under Discussion in the Recommended Decision. Clover PSD further advised that

bids for the project are within budget parameters, and a pre-closing conference on project financing is scheduled for January 18, 2012. Motion at 1-2.

DISCUSSION

We have reviewed the case file and agree that the RUS funding amounts were transposed in portions of the Recommended Decision. The Commission will reopen this matter and issue a Corrective Order.

FINDINGS OF FACT

1. Clover PSD requested approval of the following funding for a project to provide water service to 75 households in the Linden, Looneyville, Tariff and Left Hand areas:

U.S. Dept. of Agriculture Rural Utilities Service loan at 2.75% interest for 40 years	$940,000
Rural Utilities Service grant	$1,000,000
Appalachian Regional Commission grant	$1,000,000
TOTAL	$2,940,000

Clover's Certificate Application at 1 (Aug. 31, 2010).

2. On May 10, 2011, the Commission granted Clover PSD a certificate for the project and approved funding that transposed the amounts of the RUS loan and RUS grant. Rec. Dec. at 5-6, Clover PSD, Case No. 10-1379-PWD-CN (Apr. 20, 2011, final May 10, 2011).

CONCLUSION OF LAW

It is reasonable to revise the Order of May 10, 2011, to correctly state the funding that was approved for this project.

ORDER

IT IS THEREFORE ORDERED that the following project funding is approved:

U.S. Dept. of Agriculture Rural Utilities Service loan at 2.75% interest for 40 years	$940,000
Rural Utilities Service grant	$1,000,000
Appalachian Regional Commission grant	$1,000,000
TOTAL	$2,940,000

IT IS FURTHER ORDERED that the Recommended Decision that became a final Order of the Commission on May 10, 2011, remains in full force and effect, except for the incorrect statements of RUS funding.

IT IS FURTHER ORDERED that upon entry of this Order this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, and by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Commission Staff by hand delivery.

A True Copy, Test: Sandra Squire
Sandra Squire
Executive Secretary

CLW/sk/tt
101379cc.doc

WEST VIRGINIA

Infrastructure & Jobs Development Council

10-119

RECEIVED
APR 14 2009
By

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut
Executive Director

Barbara J. Pauley
Administrative Secretary

April 6, 2009

James Ward, Chairman
Clover Public Service District
3365 Clay Road
Spencer, WV 25276

Re: Clover Public Service District (Otto Road and Vandale Fork)
Water Project 2008W-1034

Dear Mr. Ward:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Clover Public Service District's (District) revised preliminary application to construct approximately 60,000 linear feet of 6-inch waterline, two pressure reducing stations and necessary appurtenances (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 as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Council recommends that the District pursue a $1,000,000 Appalachian Regional Commission grant, a $940,000 Rural Utilities Service grant, and a $1,000,000 Rural Utilities Service loan to fund this $2,940,000 project. Please contact the Rural Utility Service office at (304) 636-2158 and the Appalachian Regional Commission at (304) 558-4010 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact the Angela Chestnut at (304) 558-4607 (Ext. 201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) (via e-mail)
Joseph Crickenberger, RUS (w/o enclosure) (via e-mail)
Appalachian Regional Commission
Region V Mid-Ohio Valley Regional Council
J. B. Hildreth, P.E., Boyles and Hildreth

USDA Rural Development
United States Department of Agriculture
Rural Development
West Virginia State Office

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012

RUS 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 the bonds dated August 15, 1985, January 9, 1991, and March 1, 2001, in the amounts of $152,000, $88,000 and $285,000, respectively, authorized by resolutions dated August 15, 1985, March 3, 1991, and March 19, 2001, respectively (collectively, the "Prior Bonds").

The Government does hereby consent to the issuance by the Clover Public Service District, Spencer, West Virginia (the "Issuer"), of parity water revenue bonds, Series 2012 in the amount of $940,000 (the "Series 2012 Bond") as described above, to be sold to the Government. The Government hereby further consents that the Series 2012 Bond may be payable from the revenues of the water system of the Issuer and otherwise secured on parity with the Prior Bonds.

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

WITNESS my signature as of the 24th day of February, 2012.

UNITED STATES OF AMERICA
UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development

By: _____
State Director

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

COPY

GOODWIN

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February 20, 2012

Ms. Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, WV 25301

Re: Clover Public Service District, Water Revenue Bond, Series 2012

Dear Sara:

Enclosed please find a New Issue Report Form that has been prepared in connection with the above-referenced transaction and sent to you for filing in your office in regard to the same. Upon completion of the transcript, we will forward a copy to you for your reference.

If you have any questions concerning this filing, please feel free to contact me.

Sincerely yours,

Bill Bragg

William K. Bragg, Jr.

WKB/aks
Enclosure

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street, Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: February 20, 2012

ISSUE: Clover Public Service District, Water Revenue Bond, Series 2012
ADDRESS: 3365 Clay Road
Spencer, WV 25276 COUNTY: Roane
PURPOSE: New Money X
OF ISSUE: Refunding ___ Refunds issue dated: N/A
ISSUE DATE: February 24, 2012 CLOSING DATE: February 24, 2012
ISSUE AMOUNT: $940,000 RATES: 2.25%
1ST DEBT SERVICE DUE: March 24, 2012 1ST PRINCIPAL DUE: March 24, 2014
1ST DEBT SERVICE AMT.: $351.87* PAYING AGENT: Municipal Bond Comm.**

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone: (304) 346-7000

LENDER: US Dep't. of Agriculture
Contact Person: Virginia McDonald
Phone: (304) 372-6231, Ext. 4

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: James Ward
Position: Chairman
Phone: (304) 927-3323

----------DEPOSITS TO MBC AT CLOSE:----------

___ Accrued Interest: $ 0
___ Capitalized Interest: $ 0
By ___ Wire ___ Reserve Account: $ 0
___ Check ___ Other: _____ $_____

----------REFUNDS & TRANSFERS BY MBC AT CLOSE:----------

___ To Escrow Trustee: $ N/A
By ___ Wire ___ To Issuer: $ N/A
___ Check ___ To Cons. Invest. Fund: $ N/A
___ IGT ___ Other: _____ $_____

Notes: * Subject to actual amount advanced at closing.
** Only if Lender no longer owns the Bonds.

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS
REQUIRED:_____
TRANSFERS
REQUIRED:_____

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

No. R-1 Date: February 24, 2012

FOR VALUE RECEIVED, the CLOVER PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Roane County, in Roane County, West Virginia (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 Nine Hundred Forty Thousand and 00/100 Dollars ($940,000), plus interest on the unpaid principal balance at the rate of two and 25/100 percent (2.25%) 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 $3,074.00 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.

SPECIMEN

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.

SPECIMEN

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 Authority, 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 hereof, 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.

SPECIMEN

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 Authority, acting on behalf of the Rural Utilities Service, and to its future regulations not inconsistent with the express provisions hereof.

SPECIMEN

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1985, THE WATER SYSTEM REVENUE BOND, SERIES 1991, AND THE WATER REVENUE BOND, SERIES 2001 OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SERIES.

The initial address of Government for purposes of bond registration is 1550 Earl Core Road, Suite 101, 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, all as of the date hereinabove written.

(SEAL)

CLOVER PUBLIC SERVICE DISTRICT

SPECIMEN

By: _____
Chairman
3365 Clay Road
Spencer, WV 25276

ATTEST:

By: _____
Secretary

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$187,622.56	2/24/12	(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

SPECIMEN

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.

SPECIMEN

DATED: _____.

_____

In the presence of:

_____

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT OF FILER [optional]
William K. Bragg, Jr. 304-346-7000

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

William K. Bragg, Jr.
Goodwin & Goodwin, LLP
300 Summers Street, Suite 1500
Charleston, WV 25301

[redacted]

Wednesday, February 29, 2012
2:45 PM

[redacted] SECRETARY OF STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Clover Public Service District

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3365 Clay Road	Spencer	WV	25276	USA

1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
55-0655565		Public	WV	☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
			26505	USA

2c. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
United States Department of Agriculture, Rural Development

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
P.O. Box 678	Morgantown	WV	26505	USA

4. This FINANCING STATEMENT covers the following collateral:

Statutory mortgage lien on accounts, revenues, water system and other property as provided by Bond Resolution authorizing the issuance by Clover Public Service District of its $940,000 Water Revenue Bond, Series 2012 and by Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

This Financing Statement is filed in connection with a public-finance transaction of the Clover Public Service District, Roane County, West Virginia. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, this financing statement shall be effective for a period of forty (40) years from its date of filing, unless the underlying debt is repaid sooner.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

Clover Public Service District

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME,SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
				USA

11d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any
				☐ NONE

12. ☐ ADDITIONAL SECURED PARTY'S or ☐ ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
	Morgantown			USA

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

14. Description of real estate:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction — effective 40 years

☑ Filed in connection with a Public-Finance Transaction — effective 40 years

GOODWIN

Goodwin & Goodwin, LLP

February 24, 2012

Clover Public Service District
3365 Clay Road
Spencer, WV 25276

United States Department of Agriculture
Rural Development
530 Freedom Road
Ripley, WV 25271

Re: $940,000 Clover Public Service District
Water Revenue Bond, Series 2012

Ladies and Gentlemen:

We have served as bond counsel for the above-referenced bond, and we have examined a record of proceedings relating to the issuance by the Clover Public Service District (the "Issuer") of its $940,000 Water Revenue Bond, Series 2012, bearing interest at the rate of two and 25/100 percent (2.25%) per annum, and dated 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 Bond and thereafter the principal of and interest on the Bond is payable in monthly installments of $3,074.00 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.

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 a portion of the costs of construction and acquisition of improvements and additions to an existing water system (the "System") of the Issuer.

Upon issuance of the Bond, the Issuer has outstanding the 1985 Bond, the 1991 Bond, the 2001 Bond and the Bond, all as described in the Bond Resolution.

We have relied, in part, upon the opinion letter of Andrew C. Patton, attorney to the Issuer, and the General Certificate of Issuer and attorney for Issuer.

It is our opinion that:

1. The Issuer is a 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 Development.

3. As of this date, the Bond is in due and proper form, has been duly executed and delivered and constitutes a valid and legally enforceable special obligation of the Issuer. The Bond is secured by a statutory mortgage lien, on parity with the 1985 Bond, the 1991 Bond and the 2001 Bond, as described in the Bond Resolution. The Bond is payable from a pledge of the net revenues of the System, which pledge is on parity with the pledge granted to the 1985, 1991 and 2001 Bonds, 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

GOODWIN

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 holder 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

DREW PATTON
Law Office
D P
L O

210 Court Street
Spencer, WV 25276
Phone: (304) 927-1900
Fax: (304) 927-1919

February 24, 2012

United States of America
United States Department of Agriculture,
Rural Development
530 Freedom Road
Ripley, WV 25271

Clover Public Service District
3365 Clay Road
Spencer, WV 26136

Re: $940,000 Clover Public Service District,
Water Revenue Bond, Series 2012

Ladies and Gentlemen:

As attorney for the Clover Public Service District, Roane County, West Virginia (the "District"), I have examined the record of proceedings relating to the issue of the Clover Public Service District, Water Revenue Bond, Series 2012 (the "Bond") and have considered the validity of the bond issue. In this connection, I have examined and am 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 Orders of the Roane County Commission creating, expanding and contracting 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, 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, Rural Development to the District, and other documents incidental and material to the issuance by the District of the Bond. From such familiarity and examination, I am 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 1985 Bond, the 1991 Bond and the 2001 Bond (collectively, the "Prior Bonds"), 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 and the Prior Bonds from the rates described in the Resolution, and it has lawfully enacted 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. 10-1379-PWD-CN which lawfully authorizes the District to proceed with the construction and operation 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 I 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.

9. As to my 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,

Drew Patton

DREW PATTON
Law Office
D P
L O

210 Court Street
Spencer, WV 25276
Phone: (304) 927-1900
Fax: (304) 927-1919

February 24, 2012

Clover Public Service District
Spencer, West Virginia

United States Department of Agriculture
Rural Development
Morgantown, West Virginia

Goodwin & Goodwin, LLP
Charleston, West Virginia

Re: Final Title Opinion for Clover Public Service District

Ladies and Gentlemen:

I am counsel to Clover Public Service District (the "Issuer") in connection with a proposed project to construct certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the United States Department of Agriculture for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public corporation possessed with all the powers and authority granted to public corporations under the laws of the State of West Virginia to construct, operate and maintain the Project.

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

3. I have investigated and ascertained the location of, and we are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Boyles and Hildreth.

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

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

Very truly yours,

Drew Patton

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
The Clover Public Service District, a Governmental Corporation	0.14 (6082 sq ft) sur Flat Fork Map 17 Parcel 12.1 Smithfield District	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE
The Clover Public Service District, a Governmental Corporation	Roane	WV

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to February 24, 2012 (*Date*) at 11:00 a.m. p.m. (including the time of filing the current security instrument).

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Clover Public Service District, a Governmental Corporation as Sole Owner (*Joint tenants, tenants by the entirety, etc.*)

B. The United States of America holds a valid first (*Priority*) statutory (*Mortgage, etc.*) lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____ (*Date*), at _____ a.m. p.m. and is recorded in _____ (*Book, page, and office*).

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

2/24/12
(Date)

(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

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.

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.

CLOVER PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

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

Spencer, West Virginia 26101
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(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

Sheila D. Hall
Chairman of Public Service Board

Pearl Halcomb
Member

[illegible]
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 Conty 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).

CLOVER PUBLIC SERVICE DISTRICT

(SEAL)

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) 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 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 Wheeler D Hall
Chairman of Public Service Board

By
Member

By Warren Schwartzkopf
Member

(SEAL)

Attest:

By Evelyn Starcher
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.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
W. D. WEBB
P. O. BOX 42
SPENCER, WV 25276
My Commission Expires April 16 2000

W. D. Webb
NOTARY PUBLIC

My Commission expires: April 16, 2000

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-l, 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-l, 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

[SEAL]

By: Wheeler & Hall
Chairman

Attest:

By:
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

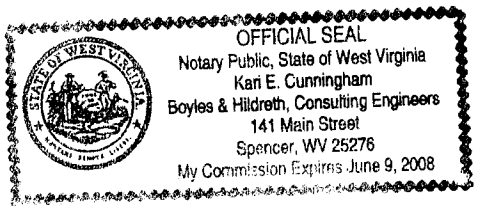
STATE OF WEST VIRGINIA,

COUNTY OF ROANE, to-wit:

The foregoing instrument was acknowledged before me this 12th 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



$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

REGISTRY

BOND NO.	AMOUNT	HOLDER	DATE ACQUIRED
R-1	$940,000	United States of America Rural Development	February 24, 2012

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

RECEIPT FOR BOND AND TRANSCRIPT

The undersigned, for United States Department of Agriculture, Rural Development (the "Purchaser"), hereby certifies as follows:

1. On the 24th day of February, 2012, at Spencer, West Virginia, the undersigned received from the Clover Public Service District its Water Revenue Bond, Series 2012, numbered R-1, in the amount of $940,000, dated February 24, 2012, bearing interest at the rate of 2.25% 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 Bond had been executed and sealed by the designated officials of the Clover Public Service District.

3. At the time of such receipt, there was paid to the Clover Public Service District a payment of $187,622.56, representing a portion of the principal amount of the Bond.

4. There will be provided to the undersigned a set of Bond Transcript documents.

WITNESS my signature as of the 24th day of February, 2012.

UNITED STATES DEPARTMENT OF AGRICULTURE,
RURAL DEVELOPMENT

By: _____
Rural Development Specialist

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

Poca Valley Bank, Inc., a state banking corporation, at its office located in Spencer, Roane County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the Clover Public Service District (the "District") duly adopted by the Public Service Board of the District and effective on February 2, 2012 (the "Resolution"), authorizing issuance by the District of its Water Revenue Bond, Series 2012, dated February 24, 2012, in the aggregate principal amount of $940,000, and agrees to perform all duties of Depository Bank in connection with the Construction Fund, all as set forth in the Resolution.

Witness my signature as of the 24th day of February, 2012.

POCA VALLEY BANK, INC.

By: _____
Branch Manager, Vice President

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

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Witness my signature as of the 24th day of February, 2012.

POCA VALLEY BANK, INC.

By: _____
Branch Manager, Vice President

$940,000
CLOVER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2012

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

Poca Valley Bank, Inc., a state banking corporation, at its office located in Spencer, Roane County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the Clover Public Service District (the "District") duly adopted by the Public Service Board of the District and effective on February 2, 2012 (the "Resolution"), authorizing issuance by the District of its Water Revenue Bond, Series 2012, dated February 24, 2012, in the aggregate principal amount of $940,000, and agrees to perform all duties of Depository Bank in connection with the Construction Fund, all as set forth in the Resolution.

Witness my signature as of the 24th day of February, 2012.

POCA VALLEY BANK, INC.

By: _____
Branch Manager, Vice President

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 correspoinding 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 increate 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 Selller 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 occurence 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:

Charles R Mace
RECORDER

PURCHASER:

THE CLOVER PUBLIC SERVICE DISTRICT

by Wheeler D. Hall
CHAIRMAN

ATTEST:

Pearl Holcomb
SECRETARY

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

by David E Satterfield

Title ENGINEER

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 02/15/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187

CONTACT NAME: Renee Shotwell
PHONE (A/C, No, Ext): 304.375.4900 FAX (A/C, No): 304.375.2162
E-MAIL ADDRESS: rshotwell@bb-ins.com

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	American Alternative Insurance	
INSURER B:	Brickstreet Insurance	
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

INSURED Clover PSD
4041 Clay Road
Spencer, WV 25276

COVERAGES CERTIFICATE NUMBER: USDA Rural Development REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC			PF6052427-01	11/06/2011	11/06/2012	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 3,000,000
							PRODUCTS - COMP/OP AGG	$ 3,000,000
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS							$
							COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
A	UMBRELLA LIAB OCCUR X EXCESS LIAB CLAIMS-MADE DED RETENTION $			EX3050995-00	11/06/2011	11/06/2012	EACH OCCURRENCE	$ 1,000,000
							AGGREGATE	$ 1,000,000
								$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	WC10002934-08	09/29/2011	09/29/2000	WC STATU-TORY LIMITS OTH-ER	
							E.L. EACH ACCIDENT	$ 100,000
							E.L. DISEASE - EA EMPLOYEE	$ 100,000
							E.L. DISEASE - POLICY LIMIT	$ 500,000
A	Crime Coverage			PF6052427-01	11/06/2011	11/06/2012	Employee Theft $250,000 Per Loss $500 deductible Per Loss	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Property coverage - schedule of property on file $946,400 $500 Deductible

CERTIFICATE HOLDER

USDA RURAL DEVELOPMENT
2118 Ripley Road
Ripley, WV 25271

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
W. Bailey

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United States Department of Agriculture
Rural Development
West Virginia State Office

May 1, 2009

James Ward, Chairman
Clover Public Service District
3365 Clay Road
Spencer, WV 25276

Dear Mr. Ward:

This letter, with Attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $940,000, an RUS grant in the amount of $1,000,000, and other funding in the amount of $1,000,000, for a total project cost of $2,940,000. The other funding is planned in the form of a grant from the Appalachian Regional Commission.

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

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

a. RUS Instruction 1780
b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).

d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

Government Auditing Standards (Revision 2007) (Accountant Copy) may be accessed at www.gao.gov/govaud/ybk01.htm.

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 – Project Construction Budget (All Copies)
Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
Attachment No. 3 – Water Users Agreement (Applicant and Attorney Copies)
Attachment No. 4 – Declination Statement (Applicant and Attorney Copies)
Attachment No. 5 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
Attachment No. 6 – Sample Positive Program to Encourage Connections (Applicant Copy)
Attachment No. 7 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
Attachment No. 8 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
Attachment No. 9 – RUS Supplemental General Conditions (Engineer Copy)
Attachment No. 10 – "Labor Standards Provisions" (Engineer Copy)
Attachment No. 11 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. **American Recovery and Reinvestment Act of 2009 ("Recovery Act").**

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

a. Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.

b. Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and

publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.

c. Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

d. Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

Compliance with the conditions in this section is required for financing under the Recovery Act. However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

2. **Fund Usage** – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.

3. **Loan Repayment** – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2.75% interest rate and a monthly

amortization factor of .00354, which provides for a monthly payment of $3,328. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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

4. **Security** – The loan must be secured by a statutory lien of equal priority with the District's existing Water Revenue Bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

5. **Users** – This conditional commitment is based upon you providing evidence that you will have at least 375 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 75 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the District's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

   The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of $100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the District should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

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

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

6. **Bond Counsel Services** – The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

7. **Engineering Services** – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

8. **Accounting Services** – The accountant must develop and provide the following:

    a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

    b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

RUS regulations noted above outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the District. "Government Auditing Standards (Revised 2007)", which may be accessed at www.gao.gov/govaud/ybk01.htm, and RUS Bulletins 1780-30 and 1780-31, which may be accessed at our agency website listed above, outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project

funds and should be paid from the operational revenues generated from your system operation.

9. **Facility Control** – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

   c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

   d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

   e. On the day of loan closing, the District's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the District has already acquired real property(s) (land or facilities), the

District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

10. **Permits** – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

    -West Virginia Department of Highways
    -State Department of Health
    -Department of Environmental Protection
    -Public Land Corporation

11. **Public Service Commission Approvals** – You must obtain the following from the West Virginia Public Service Commission:

    a. A Certificate of Convenience and Necessity.

    b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

    c. Approval of financing for the project's proposed financing arrangements.

    The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

12. **Insurance and Bonding** - Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

    a. General Liability Insurance – This should include vehicular coverage.

    b. Workers' Compensation – In accordance with appropriate State laws.

    c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in

an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to an amount equal to the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

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

13. **Environmental Requirements** –

a. Mitigation – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those actions(s) are required for successful completion of the project and must be adhered to during project design and construction.

b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

14. **Vulnerability Assessments (VA) and Emergency Response Plans (ERP)** –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

You will also be required to provide a certification that the VA and ERP is complete and is current every three years after the start of operations. RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

15. **Civil Rights & Equal Opportunity** – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. **Contract Documents, Final Plans and Specifications** –

a. The contract documents should consist of the following:

(1) EJCDC Document No. C-521, 2002 Edition, "Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, 2002 Edition, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

(3) "Labor Standards Provisions" - Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 10). Additional copies must be reproduced by the engineer.

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version)," must be used by your engineer in the preparation of the contract documents.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance – Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the District and its engineer. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation – In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

17. **Disbursement of Funds** – The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of the District, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

a. Federal grant awards (includes all federal funding sources) are less than $120,000 per year.

b. The best available interest bearing account would not be expected to earn in excess of the following:

Interest earned on grant funds in excess of $100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

c. The depository would require a minimum balance so high that it would not be feasible.

The District will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The District must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

18. **Water Purchase Contract** –You purchase treated water from the City of Spencer. Please provide a copy of the most recent Water Purchase Contract.

19. **Other Project Funds** – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

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

    Form RD 1940-1 – "Request for Obligation of Funds"
    RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"
    RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

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

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

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month

period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely yours,

for Susan L Newromer 5/1/09
DIANNE GOFF CRYSLER
Acting State Director

Enclosures

cc: Area Director
Parkersburg, WV

Drew Patton, Esquire
Spencer, WV

West Virginia Development Office
Charleston, WV

Goodwin & Goodwin, LLP
Charleston, WV

Boyles & Hildreth, Consulting Engineers
Spencer, WV

Mid-Ohio Valley Regional Council
Parkersburg, WV

John L. Ford, Accountant
Ona, WV

Attachment No. 1 to Letter of Conditions
For: Clover Public Service District
Date: May 1, 2009

Project Construction Budget

PROJECT COST	ARC GRANT	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	$ 1,000,000	$ 602,700	$ 602,700	$ 2,205,400
CONST. CONTINGENCY		$ 149,135	$ 32,135	$ 181,270
LAND & RIGHTS		$ 5,000	$ 5,000	$ 10,000
LEGAL FEES		$ 10,000	$ 10,000	$ 20,000
BOND COUNSEL		$ 12,500	$ 12,500	$ 25,000
ACCOUNTING		$ 1,250	$ 1,250	$ 2,500
ENGINEERING FEES		$ 194,315	$ 194,315	$ 388,630
Basic - $186,800				
Insp. - $176,830				
Special - $25,000				
INTEREST			$ 52,000	$ 52,000
PROJECT CONTG.		$ 25,100	$ 30,100	$ 55,200
TOTAL	**$ 1,000,000**	**$ 1,000,000**	**$ 940,000**	**$ 2,940,000**

Rates

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	$ 8.52	per M gallons
Over	3,000	gallons @	$ 8.52	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	$ 25.56	per month
3/4"	meter	$ 38.34	per month
1"	meter	$ 63.90	per month
1 1/2"	meter	$ 127.80	per month
2"	meter	$ 204.48	per month
3"	meter	$ 383.40	per month
4"	meter	$ 639.00	per month
6"	meter	$ 1,278.00	per month
8"	meter	$ 2,044.80	per month

Minimum Monthly Bill $ 25.56 for 3,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - $100.00

After the start of construction, there shall be a charge of $300.00 for connection to the system.

Reconnection Charge

$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

CLOVER PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXISTING SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 3,000	Over 3,000	TOTAL REVENUE
0 - 3,000	159	235.00	159			
Over 3,000	141	730.33		423.00	307.33	
Monthly Total	300	965.33	159.00	423.00	307.33	
Proposed Rates			$ 25.56	$ 8.52	$ 8.52	
Monthly Revenues			$ 4,064.04	$ 3,603.96	$ 2,618.45	**$ 10,286.45**
Annual Revenues			$ 48,768.48	$ 43,247.52	$ 31,421.42	**$ 123,437.42**

Correction Factor 1.194847

Adjusted Annual Revenues $ 147,488.83

CLOVER PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXTENSION SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 3,000	Over 3,000	TOTAL REVENUE
0 - 3,000	40	59.12	40			
Over 3,000	35	181.29		105.00	76.29	
Monthly Total	75	240.41	40.00	105.00	76.29	
Proposed Rates			$ 25.56	$ 8.52	$ 8.52	
Monthly Revenues			$ 1,022.40	$ 894.60	$ 649.99	**$ 2,566.99**
Annual Revenues			$ 12,268.80	$ 10,735.20	$ 7,799.89	**$ 30,803.89**

Correction Factor 1.194847
Adjusted Annual Revenues $ 36,805.94

CLOVER PUBLIC SERVICE DISTRICT
OPERATING BUDGET

OPERATING INCOME		
Metered Sales	$ 184,294	
Forfeited Discounts	$ 1,486	
TOTAL OPERATING INCOME		$ 185,780
NON OPERATING INCOME		
Interest income	$ 338	
TOTAL NON OPERATING INCOME		$ 338
TOTAL INCOME		$ 186,118
EXPENSES		
O & M	$ 102,586	
Taxes	$ 2,924	
TOTAL EXPENSES		$ 105,510
INCOME AVAILABLE FOR D/S (A)		$ 80,608
DEBT SERVICE		
Existing Bond P & I (B)	$ 29,868	
Proposed Bond P & I (B)	$ 39,936	
TOTAL DEBT SERVICE		$ 69,804
DEBT SERVICE RESERVE		
Existing Debt Service Reserve	$ 2,987	
Proposed Debt Service Reserve	$ 3,994	
TOTAL DEBT SERVICE RESERVE		$ 6,981
SURPLUS (DEFICIT)		$ 3,823
DEBT COVERAGE (A/B)		115%

Attachment No. 2 to Letter of Conditions
For: Clover Public Service District
Date: May 1, 2009

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		X	3
	DUNS Number	1		Applicant		X	3
	CAIVRS Number	1		RUS			CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant			3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		X	3
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant			1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		X	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer			6
RUS Legal Services Agreement	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		X	5
	Site Visit		S.I. 1780-2	RUS		X	3
	Processing Conference	1	1780.39(a)	RUS		X	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Environmental Report	2	1794	Applicant		X	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		X	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		X	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		X	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		X	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		X	8
	Statement reporting the total number of potential users		1780.33(c)	Applicant/ Engineer		X	8
	Rate Tariff	2	1780.33	Applicant		X	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		X	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		X	3
	Documentation on Service Area	1	1780.11	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		X	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		X	2
CPAP Form	Project Information	2	1780.41(a)	RUS			1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS		X	3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		X	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collect-ion Policies	1	1780.33(h)	Applicant		X	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		X	6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 400-4	Assurance Agreement	1	1901-E	Applicant		X	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		X	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
(Existing borrowers)	Certifications on VA and ERP	1		Applicant			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section

16–13A–1. Legislative findings.
16–13A–1a. Jurisdiction of the public service commission.
16–13A–1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16–13A–1c. General purpose of districts.
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.
16–13A–3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16–13A–3a. Removal of members of public service board.
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16–13A–6. Employees of board.
16–13A–7. Acquisition and operation of district properties.
16–13A–8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
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16–13A–24. Acceptance of loans, grants or temporary advances.
16–13A–25. Borrowing and bond issuance; procedure.

§ 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 insure 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.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1986, c. 81.

Cross References

County courts, authority to make grants for water and sewer systems, see § 7–1–3t.

Administrative Code References

Sewer utilities regulations, see W. Va. Code St. R. § 150–5–1 et seq.

Library References

Counties ⇐18.
Municipal Corporations ⇐5, 6.
Public Utilities ⇐145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6,

§ 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3); Statutes ⇐ 123(5)

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 4056; Municipal Corporations ⇐ 4

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 4416; Municipal Corporations ⇐ 408(1)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 2355; Municipal Corporations ⇐ 4

2. In general

A public service district may be created for the purpose of furnishing water or sewer services, or both water and sewer services. Code, 16-13A-1. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 5

Creation and operation of water or sanitary districts or authorities by issuance of revenue bonds payable from revenues are authorized. Code, 16-13A-1 et seq. State ex rel. Appalachian Power Co. v. Gainer, 1965, 143 S.E.2d 351, 149 W.Va. 740. Health ⇐ 369; Waters And Water Courses ⇐ 183.5

A county court may use Federal Revenue Sharing Funds for ordinary and necessary maintenance and operating expenses for sewage disposal, sanitation, and pollution abatement, and ordinary and necessary capital expenditures authorized by law but may not use such funds for matching purposes under any other federal-aid program. 55 W.Va. Op.Atty.Gen. 116 (June 27, 1973) 1973 WL 159152.

3. Construction and application

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 80(3)

4. Eminent domain powers

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A-1, 16-13A-2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇐ 32

Condemnation by public service district is not a taking of private property for private use in violation of applicable constitutional provision. Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⇐ 13

5. Property of public service district

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⇐ 2289

6. Rates and charges for service

Relief under Federal Securities Act of 1933 was not adequate or sufficient remedy for relief sought by corporations holding sewer revenue bonds of public service district in mandamus proceeding to compel district to establish and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariff reflecting such charges with Public Service Commission, and any relief afforded under provisions of federal statute could not supersede relief which could be granted in mandamus proceeding. Securities Act of 1933, § 1 et seq., 15 U.S.C.A. § 77a et seq.; Code, 16-13A-1 et seq. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 3(8)

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operation-

Note 6

al and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

It was ministerial duty of chairman of public service board of public service district to sign revenue bonds and to assist in effectuating their issuance, and in view of constitutionality of statute authorizing creation of the public service board, relator's showing of legal right to require performance of such duty, was sufficient and writ of mandamus would issue. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇐ 103

7. Creation and enforcement of liens

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⇐ 712(7)

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⇐ 14.6; Municipal Corporations ⇐ 712(7); Waters And Water Courses ⇐ 203(14)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

8. Admissibility of evidence

Extrinsic evidence relating to background and negotiations with regard to forming a public service district were not admissible in regard to construction of a contract for furnishing of water, where contract language was clear and unambiguous that district was to furnish water as customer should require. Berkeley County Public Service Dist. v. Vitro Corp. of America, 1968, 162 S.E.2d 189, 152 W.Va. 252. Evidence ⇐ 448

9. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇐ 190

§ 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 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.

Acts 1986, c. 81.

Library References

Public Utilities ⇐145. Westlaw Topic No. 317A.

C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

In general 1

1. **In general**

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123

Legislature sought to establish in Public Service Commission (PSC) governmental entity which would protect public from unfair rates and practices by public utilities and also ensure that public utilities are given competitive return for their stockholders. Code, 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123; Public Utilities ⇐ 129

§ 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.

Acts 1986, c. 81; Acts 1994, c. 61.

Cross References

Public Service Commission, participation in studies, see § 24–1–1b.

Library References

Counties ⇐18, 47.
Westlaw Topic No. 104.
C.J.S. Counties §§ 31, 70 to 73.

§ 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, sewerage or stormwater 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"); (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"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforce-

ment and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐18.
Gas ⇐12.
Municipal Corporations ⇐5, 6.
Waters and Water Courses ⇐183.5.
Westlaw Topic Nos. 104, 190, 268, 405.

C.J.S. Counties § 31.
C.J.S. Gas §§ 43 to 45.
C.J.S. Municipal Corporations § 11.
C.J.S. Waters §§ 483, 543 to 581.

§ 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, stormwater 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. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. 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, 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 may 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, 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.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1967, c. 105; Acts 1975, c. 140; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1995, c. 125, eff. 90 days after March 11, 1995; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2005, c. 195, eff. 90 days after April 9, 2005.

Library References

Counties ⇐47.
Municipal Corporations ⇐6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations § 11.

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3); Statutes ⇐ 123(5)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24.

State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 2355; Municipal Corporations ⇐ 4

2. Creation of public service districts

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A–1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇐ 32

Where public service district was created for purpose of furnishing water services, county court had authority to add sewerage services to the facilities of the district under appropriate proceedings. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 270

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

3. District boundaries

Public service district statute that allowed county commission to designate district's boundaries did not also empower commission to make service territories exclusive, displacing Public Service Commission's (PSC) authority to determine service rights. Code, 16–13A–2. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Counties ⇐ 47

4. Notice of hearing

Provisions of statute, with respect to creation of public service districts, which relate to the filing of the petition or motion of the county court, the description of the territory to be embraced, and like provisions are mandatory; but, despite use of the word "shall," the requirements for posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 12(3); Municipal Corporations ⇐ 12(6)

Though record with respect to creation of public service district was silent with respect to posting of notice of hearing and as to whether hearing was not more than 40 nor less than 20 days after his fixing the date for hearing as provided by statute, there was substantial compliance with statute where hearing was set some time prior to the date of the hearing, there was publication of notice more than ten days prior to the date of the hearing as required, and there were no objections either before, during or after the hearing to the creation of the district or to the procedures employed in its creation. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 12(6)

5. Number of voters within district

Public service district was not void because there were not 100 legal voters owning property within the district. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 6

6. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇐ 190

7. Referendum

A public service district, once created by county court, not subject to referendum on issue to continue or be abolished. 52 W.Va. Op.Atty. Gen. 33 (August 11, 1966) 1966 WL 87428.

§ 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, or for furnishing stormwater services for 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 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 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.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1983, c. 166; Acts 1986, c. 81; Acts 1994, c. 61; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II. 98 W. Va. L. Rev. 449 (1996).

"Yes, West Virginia, there is a special priority for the purchase money mortgage:" The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

Library References

Counties ⇐18.
Municipal Corporations ⇐6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

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Sale of water 6
Standard of care 2
Tort Claims Act 7

1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary

for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

2. Standard of care

Public service district owes duty of reasonable care to avoid damage to property of others with respect to maintenance of water lines. McCloud v. Salt Rock Water Public Service Dist., 2000, 533 S.E.2d 679, 207 W.Va. 453. Waters And Water Courses ⇐ 205

3. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⇐ 55; Judges ⇐ 21

4. Removal of members

Public Service District board member can be removed by majority vote of registered voters. 51 W.Va. Op.Atty.Gen. 564 (November 10, 1965) 1965 WL 92492.

5. Criminal responsibility of members

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

6. Sale of water

Public Service Districts may sell, at wholesale, bulk water to other municipal corporations. 51 W.Va. Op.Atty.Gen. 739 (March 16, 1966) 1966 WL 87469.

7. Tort Claims Act

Tort Claims Act's protection extended to public service districts, under the Act's definition of political subdivision, which included the term "public service districts," despite general authorization for public service districts to "sue and be sued," in the Public Health statutes. Zirkle v. Elkins Road Public Service Dist., 2007, 655 S.E.2d 155. Waters And Water Courses ⇐ 183.5

§ 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.

Acts 1963, c. 75; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⇐45.
Public Utilities ⇐145.
Westlaw Topic Nos. 104, 317A.

C.J.S. Counties § 67.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

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Sufficiency of evidence 3

1. Criminal responsibility of members

Upon becoming member of county commission, person who is pecuniarily interested in proceeds of any contract or service with public service district violates criminal conflict of interest statute; by virtue of that position, that person has some voice, influence, or control over continuation of contract. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

2. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⇐ 55; Judges ⇐ 21

3. Sufficiency of evidence

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

Conflict of interest indictment against county commissioner was sufficient even though it did not characterize commissioner's interest as pecuniary, and commissioner was not entitled to bill of particulars. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

§ 16–13A–4. Board chairman; members' compensation; procedure; district name

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is 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.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to 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;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to 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;

(3) For districts with two thousand customers or more, up to 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

(4) For districts with four thousand or more customers, up to 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.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to 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;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to 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

(4) For districts with annual revenues of five hundred thousand dollars or more, up to 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 and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) 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.

(e) 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, article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) 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. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided,* That such name change will not be effective until approved by the public service commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. 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.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2000, c. 199, eff. 90 days after March 11, 2000; Acts 2005, c. 196, eff. 90 days after April 8, 2005.

Library References

Counties ⇐68, 87.
Municipal Corporations ⇐161.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 107 to 118, 128.
C.J.S. Municipal Corporations §§ 372 to 390.

Notes of Decisions

In general 1

1. **In general**

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

§ 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 or her successor is employed, and his or her compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his or her 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 or she shall perform and exercise such other powers and duties as may be conferred upon him or her by the board.

Such general manager shall be chosen without regard to his or her political affiliations and upon the sole basis of his or her administrative and technical qualifications to manage public service properties and affairs of the district and he or she 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 or she 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, sewer or stormwater service from a municipal water, sewer or stormwater 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, sewer or stormwater system or public service district from which such water, sewer or stormwater 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.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐65, 68.
Municipal Corporations ⇐149, 161.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 390.

§ 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.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇐65, 68, 87.
Municipal Corporations ⇐149, 161, 170.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118, 128.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 405.

§ 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, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. 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, chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two 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.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐107.
Municipal Corporations ⇐711.
Public Utilities ⇐114.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations § 1535.
C.J.S. Public Utilities §§ 5 to 9, 202 to 207.

§ 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, stormwater 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, a stormwater system, stormwater management program or gas facilities for water, sewer, stormwater 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 the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways: Provided, however, 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.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1981, c. 124; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐103, 104.
Eminent Domain ⇐6, 16.
Municipal Corporations ⇐221, 224.
Westlaw Topic Nos. 104, 148, 268.

C.J.S. Counties §§ 143 to 144, 147.
C.J.S. Municipal Corporations §§ 873 to 880.
C.J.S. Property § 17.

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying wa-

ter and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3); Statutes ⇐ 123(5)

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⇐ 2289

2. In general

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 2510

3. Eminent domain powers

Although construction of new facility proposed by utility will often require taking of private property through eminent domain, absent express statutory language Public Service Commission (PSC) has no duty to review and decide issues that are inherent in eminent domain proceeding. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⇐ 114

Statute providing that private property may be taken or damaged for a number of specified purposes is consonant with organic law and is constitutional. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⇐ 3

4. Valuation of property

Although landowner is competent to give estimate of value of property in eminent domain proceeding, that valuation is not conclusive; government agency may rely on appraisal report concerning estimated value of property to be taken. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Evidence ⇐ 568(4)

5. Environmental assessment

Whether construction of sewage lagoons would constitute "nuisance" does not defeat Public Service Commission's (PSC) jurisdiction to issue certificate of public convenience and necessity; while PSC may assess environmental considerations, chief inquiry by PSC is need of public for project. Code, 24–2–11. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⇐ 708

6. Connections with sewers or drains

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1); Waters And Water Courses ⇐ 201

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1); Waters And Water Courses ⇐ 201; Waters And Water Courses ⇐ 202

7. Public corporation

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 80(3)

§ 16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees

(a)(1) The board may make, enact and enforce all needful rules 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. The board shall establish rates, fees 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 the 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 under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; 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. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. 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. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees 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 deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars

has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may prescribe: *Provided,* That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. 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, ten days after the water or gas services become delinquent.

(b) 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 the 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.

(c) 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 division of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where

there is gravity flow or transportation by any other methods approved by the division of 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 the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs 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 the 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 division of health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the division of health from the house, dwelling or building into the sewer facilities, the district may charge, and the 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, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and munici-

pal taxes. In addition to the other remedies provided in this section, public service districts are 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, stormwater 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: *Provided,* That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three, 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, article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days after March 8, 2003.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).

"Yes, West Virginia, there is a special priority for the purchase money mortgage:" The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

Library References

Gas ⇐14.6.
Municipal Corporations ⇐712.
Waters and Water Courses ⇐203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

Notes of Decisions

Notice of availability of sewer service 5
Public service district liens 3
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Takings 2
Validity 1

1. Validity

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 4416; Municipal Corporations ⇐ 408(1)

2. Takings

Public service district's requiring property owner to connect onto its sewer system and to abandon private sewer system located on property was not a taking of private property without just compensation. Const. Art. 3, § 9; Code, 16–13A–9; U.S.C.A. Const.Amend. 5. Kingmill Valley Public Service Dist. v. River-

view Estates Mobile Home Park, Inc., 1989, 386 S.E.2d 483, 182 W.Va. 116. Eminent Domain ⇐ 2.18

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 2510

3. Public service district liens

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⇐ 14.6; Municipal Corporations ⇐ 712(7); Waters And Water Courses ⇐ 203(14)

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⇐ 712(7)

If owner, tenant or occupant of garage apartment did not receive notice that public service district's sewer facilities were available for apartment, district would have been without statutory authority to impose charges and a lien against apartment for sewer services, though the apartment was on a lot containing another dwelling which was properly subject to sewer service charges. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Municipal Corporations ⇐ 712(7)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

4. Rates and charges for service

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

Duty imposed on public service district, a public corporation and political subdivision of state, to establish rates and charges sufficient to pay cost of maintenance, operation and depreciation of properties of district and principal of and interest on all bonds issued by district is nondiscretionary duty which may be enforced by mandamus. Code, 16–13A–9. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 80

5. Notice of availability of sewer service

Issue of fact as to whether owner or tenant had received notice that public service district's sewer services were available for garage apartment, so as to allow imposition of sewer service charges and a lien against apartment, was not appropriate for resolution in mandamus proceeding. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Mandamus ⇐ 174

§ 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 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.

Acts 1982, c. 74.

Library References

Gas ⇐14.6.
Municipal Corporations ⇐712.
Waters and Water Courses ⇐203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

§ 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.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇐154.5.
Municipal Corporations ⇐879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

Notes of Decisions

In general 1

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1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

§ 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, 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.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⇐154.5.
Municipal Corporations ⇐879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

§ 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.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇐158.
Municipal Corporations ⇐883.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 198.
C.J.S. Municipal Corporations §§ 1626, 1635.

§ 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.

Acts 1953, c. 147; Acts 1970, c. 11; Acts 1970, c. 12; Acts 1970, 1st Ex. Sess., c. 2; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1989, c. 174.

Library References

Counties ⇐174.
Municipal Corporations ⇐911.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1649.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

Two acts amending same Code section in same manner except as to maximum interest rate of bonds, enacted on same date at same legislative session, and impossible to determine which passed after the other, that having lower maximum interest rate will govern. 53 W.Va. Op.Atty.Gen. 418 (April 8, 1970) 1970 WL 116579.

§ 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; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; 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.

Acts 1953, c. 147; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐154.5.
Municipal Corporations ⇐879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

§ 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.

Acts 1953, c. 147.

Library References

Counties ⇐183.
Municipal Corporations ⇐950(15).
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 222.
C.J.S. Municipal Corporations §§ 1708 to 1709.

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

§ 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.

Acts 1953, c. 147.

Library References

Counties ⇐186.5.
Municipal Corporations ⇐951.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 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.

Acts 1953, c. 147.

Library References

Counties ⇐188.
Municipal Corporations ⇐937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

§ 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.

Acts 1953, c. 147.

Library References

Counties ⇐114.
Municipal Corporations ⇐328.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 161.
C.J.S. Municipal Corporations §§ 1027 to 1029.

§ 16–13A–18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds

In any case where a public service district owns a water, sewer, stormwater 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, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater 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, 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, stormwater 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, stormwater or gas system is located to be placed in the general funds of such county commission.

Acts 1963, c. 75; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 160, eff. 90 days after April 10, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐110.
Municipal Corporations ⇐225.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations §§ 882 to 892.

§ 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.

Acts 1953, c. 147.

Library References

Counties ⇐188.
Municipal Corporations ⇐937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. **In general**

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

§ 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.

Acts 1953, c. 147.

Library References

Counties ⇐175.
Municipal Corporations ⇐913.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1648, 1651.

§ 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.

Acts 1953, c. 147; Acts 1986, c. 81; Acts 1994, c. 61.

Library References

Counties ⇐18.
Municipal Corporations ⇐5.
Taxation ⇐2316, 3519.
Westlaw Topic Nos. 104, 268, 371.
C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

In general 2
Validity 1

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1. Validity

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 4056; Municipal Corporations ⇐ 4

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional

delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 2355; Municipal Corporations ⇐ 4

2. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3); Statutes ⇐ 123(5)

§ 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 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, 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.

Acts 1958, c. 14; Acts 1960, c. 19.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⇐18.
Municipal Corporations ⇐5.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

§ 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, by any county court 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 contained shall be construed to excuse a criminal act.

Acts 1958, c. 14; Acts 1960, c. 19; Acts 1965, c. 134.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⇐47.
Municipal Corporations ⇐166.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations §§ 369 to 371.

§ 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, stormwater systems or stormwater management 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, stormwater system or associated stormwater management 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.

Acts 1958, c. 14; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 118; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐149.
Municipal Corporations ⇐864(3).
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 185, 187.
C.J.S. Municipal Corporations §§ 1583 to 1585, 1587.

Notes of Decisions

In general 1

1. **In general**

The borrowing by PSD's of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. 62 W.Va. Op.Atty.Gen. 27 (May 6, 1988) 1988 WL 483331.

§ 16–13A–25. Borrowing and bond issuance; procedure

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may 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 of this article without the prior consent and approval of the Public Service Commission: *Provided*, That approval of funding set forth in section eleven, article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after the eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(b) 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, a verified statement by the board members that the public service district has complied with chapter five-g 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; or

(2) Completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from the waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, two thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the Public Service Commission or a party files an objection to the request. If an objection is filed, the Public Service Commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) 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 provision of chapter twenty-four of this code when a public service district is seeking to acquire or construct public service property.

Acts 1969, 1st Ex. Sess., c. 6; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1996, c. 213, eff. 90 days after March 9, 1996; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2003, c. 184, eff. 90 days after March 7, 2003; Acts 2005, c. 193, eff. 90 days after April 9, 2005; Acts 2006, c. 190, eff. 90 days after March 10, 2006.

Library References

Counties ⇐114.
Municipal Corporations ⇐270.
Public Utilities ⇐145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 161.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Research References

ALR Library

101 ALR 5th 287, Remedies for Sewage Treatment Plant Alleged or Deemed to be Nuisance.

Notes of Decisions

In general 1
Certificate of public convenience and necessity 2

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1. In general

Proposed sewage treatment project complied with buffer zone requirements where all parties acknowledged that distance of proposed sewage lagoons from property owners' home was further than minimum buffer-zone requirement of 300 feet; Public Service Commission relied on ample evidence in record to support claim that proposed location was both cost-effective and environmentally sound. Code, 16–13A–25, 24–2–11, 24–2–11(a). Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⇐ 708

2. Certificate of public convenience and necessity

Public Service district must obtain certificate of public convenience and necessity before it can acquire or construct public service property. Code, 16–13A–25. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⇐ 113

by the sanitary board of the municipality in a civil action in the name of the ity.

municipality exercising the powers given herein has the authority to construct, mprove, equip, operate, repair and maintain any plants, machinery or works to comply with the order of the Secretary of the Department of Environmental or the Environmental Quality Board and the authority provided herein to maintain and collect rates, fees or charges is an additional and alternative method ig such works and matters, and is independent of any other provision of this article the article provides for or requires the issuance of revenue bonds or the imposition fees and charges in connection with the bonds: *Provided*, That except for the financing such works and matters, the construction, acquisition, improvement, , custody, operation, repair and maintenance of any plants, machinery or works in e with an order of the Secretary of the Department of Environmental Protection or onmental Quality Board and the rights, powers and duties of the municipality and tive officers and departments thereof, including the sanitary board, are governed visions of this article.

jurisdiction and authority provided by this section does not extend to highways, lrainage easements and stormwater facilities constructed, owned or operated by the inia Division of Highways and no rates, fees or charges for stormwater services or mpliance may be assessed against highways, road and drainage easements and/or r facilities constructed, owned and/or operated by the West Virginia Division of

unicipality which has been designated by the Environmental Protection Agency as o serve a West Virginia Separate Storm Sewer System community, as defined in 40 122.26, has the authority to enact ordinances or regulations which allow for the orders, the right to enter properties and the right to impose reasonable fines and egarding correction of violations of municipal stormwater ordinances or regulations municipal watershed served by the municipal stormwater system, as long as such ılations, fines or actions are not contrary to any rules or orders of the Public mmission.

ice of a violation of a municipal stormwater ordinance or regulation shall be served to the alleged violator or by certified mail, return receipt requested. The notice the nature of the violation, the potential penalty, the action required to correct the nd the time limit for making the correction. Should a person, after receipt of ice, fail to correct the violation of the municipal stormwater ordinance or regula- unicipality may make or have made the corrections of the violation and bring the compliance with the applicable stormwater ordinance or regulation. The munici- collect the costs of correcting the violation from the person by instituting a civil ong as such actions are not contrary to any rules or orders of the Public Service n.

nicipality which has been designated by the Environmental Protection Agency as) serve a West Virginia Separate Storm Sewer System community shall prepare an ort detailing the collection and expenditure of rates, fees or charges and make it r public review at the place of business of the governing body and the stormwater ı office.

135; Acts 1967, c. 105; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001; 202, eff. March 8, 2008.

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section

Acquisition and operation of district properties.
Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

§ 16–13A–7. Acquisition and operation of district properties

The board of these 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, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than $25,000 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, chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two 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.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2011, c. 147, eff. June 9, 2011.

§ 16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees

(a)(1) The board may make, enact and enforce all needful rules 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. The board shall establish rates, fees 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 the 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 under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; 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. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the

:te of the charges. The board shall require all users of services and facilities :d by the district to designate on every application for service whether the applicant is : or an owner of the premises to be served. If the applicant is a tenant, he or she :te the name and address of the owner or owners of the premises to be served by the

Notwithstanding the provisions of section eight, article three, chapter twenty-four of e to the contrary, all new applicants for service shall deposit the greater of a sum two twelfths of the average annual usage of the applicant's specific customer class or ı the district to secure the payment of service rates, fees and charges in the event :ome delinquent as provided in this section. If a district provides both water and :rvice, all new applicants for service shall deposit the greater of a sum equal to two of the average annual usage for water service or $50 and the greater of a sum equal velfths of the average annual usage for wastewater service of the applicant's specific · class or $50. In any case where a deposit is forfeited to pay service rates, fees and which were delinquent at the time of disconnection or termination of service, no tion or reinstatement of service may be made by the district until another deposit the greater of a sum equal to two twelfths of the average usage for the applicant's :ustomer class or $50 has been remitted to the district. After twelve months of ıayment history, the district shall return the deposit to the customer or credit the 's account at a rate as the Public Service Commission may prescribe: *Provided,* That : customer is a tenant, the district is not required to return the deposit until the time ıt discontinues service with the district. Whenever any rates, fees, rentals or or services or facilities furnished remain unpaid for a period of twenty days after the ome due and payable, the user of the services and facilities provided is delinquent ser is liable at law until all rates, fees and charges are fully paid. The board may, sonable rules promulgated by the Public Service Commission, shut off and discon- :r or gas services to all delinquent users of either water or gas facilities, or both, ten · the water or gas services become delinquent. *Provided, however,* That nothing within the rules of the Public Service Commission shall be deemed to require any employees of the board to accept payment at the customer's premises in lieu of ing service for a delinquent bill.

he event that any publicly or privately owned utility, city, incorporated town, other corporation or other public service district included within the district owns and eparately water facilities, sewer facilities or stormwater facilities and the district operates another kind of facility either water or sewer, or both, as the case may be, istrict and the publicly or privately owned utility, city, incorporated town or other corporation or other public service district shall covenant and contract with each ıut off and discontinue the supplying of water service for the nonpayment of sewer ater service fees and charges: *Provided,* That any contracts entered into by a vice district pursuant to this section shall be submitted to the Public Service n for approval. Any public service district which provides water and sewer ter and stormwater service or water, sewer and stormwater service has the right te water service for delinquency in payment of water, sewer or stormwater bills. public service district is providing sewer service and another public service district cipality included within the boundaries of the sewer or stormwater district is vater service and the district providing sewer or stormwater service experiences a / in payment, the district or the municipality included within the boundaries of the ormwater district that is providing water service, upon the request of the district ewer or stormwater service to the delinquent account, shall terminate its water the customer having the delinquent sewer or stormwater account: *Provided,* ıat any termination of water service must comply with all rules and orders of the ice Commission. *Provided further,* That nothing contained within the rules of the ice Commission shall be deemed to require any agents or employees of the Public :ricts to accept payment at the customer's premises in lieu of discontinuing service ıent bill.

listrict furnishing sewer facilities within the district may require, or may by :he circuit court of the county in which the property is located, compel or may Division of Health to compel all owners, tenants or occupants of any houses, ıd buildings located near any sewer facilities where sewage will flow by gravity or

be transported by other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the Division of 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 the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs 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 the 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 Division of Health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the Public Service Commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the Division of Health from the house, dwelling or building into the sewer facilities, the district may charge, and the 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, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) The owner, tenant or occupant of any real property may be determined and declared to be served by a stormwater system only after each of the following conditions is met: (1) The district has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26; (2) the district's authority has been properly expanded to operate and maintain a stormwater system; (3) the district has made available a stormwater system where stormwater from the real property affects or drains into the stormwater system; and (4) the real property is located in the Municipal Separate Storm Sewer System's designated service area. It is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. Nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the Public Service Districts to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill. In addition to the other remedies provided in this section, public service districts are 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,

stormwater 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: *Provided*, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three, article eleven, chapter twenty-two of this code, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the Department of Environmental Protection, as prescribed by section eleven of said article, is exempt from the provisions of this section.

(h) A public service district which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days after March 8, 2003; Acts 2008, c. 202, eff. March 8, 2008; Acts 2010, c. 201, eff. June 11, 2010.

§ 16–13A–15. Bonds may be secured by trust indenture

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

ARTICLE 13D

REGIONAL WATER AND WASTEWATER AUTHORITY ACT

§ 16–13D–11. Bonds may be secured by trust indenture

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

ARTICLE 13E

COMMUNITY ENHANCEMENT ACT

Section		Section	
16–13E–2.	Definitions.	16–13E–10a.	Extension of vesting period for land development plans and plats; approval of phases.
16–13E–4.	Petition for creation or expansion of community enhancement district; petition requirements.		

§ 16–13E–2. Definitions

For purposes of this article:

(a) "Assessment bonds" means special obligation bonds or notes issued by a community enhancement district which are payable from the proceeds of assessments.

(b) "Assessment" means the fee, including interest, paid by the owner of real property located within a community enhancement district to pay for the cost of a project or projects