

PAINT CREEK PUBLIC SERVICE DISTRICT

**Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)**

NOTES TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Notes Resolution
2. Supplemental Resolution
3. Loan Agreement
4. Public Service Commission Order
5. Infrastructure Council Approval
6. Cross-Receipt for Note and Note Proceeds
7. Direction to Authenticate and Deliver Note
8. Specimen Note

OPINIONS OF COUNSEL

9. Approving Opinion of Steptoe & Johnson, Bond Counsel
10. Opinion of Counsel to Issuer

CERTIFICATES

11. General Certificate of Issuer and Attorney
12. Certificate of Engineer, with Schedule B Attached

DOCUMENTS OF ISSUER

13. County Commission Orders on Creation of District
14. County Commission Orders Appointing Current Boardmembers
15. Oaths of Office of Current Boardmembers
16. Rules of Procedure
17. Minutes of Current Year Organizational Meeting
18. Minutes on Adoption of Notes Resolution and Supplemental Resolution

MISCELLANEOUS DOCUMENTS

19. Acceptance by Merchants National Bank of Duties as Depository Bank
20. Acceptance by One Valley Bank, National Association, of Duties as Registrar
21. Certificate of Registration of Notes
22. Registrar's Agreement
23. Municipal Bond Commission New Issue Report

08/13/97
684050/97001

PAINT CREEK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

NOTES RESOLUTION

Table of Contents

	Page
ARTICLE I	
DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS	
Section 1.01	1
Section 1.02	6
Section 1.03	7
Section 1.04	8
ARTICLE II	
AUTHORIZATION OF THE DESIGN OF THE PROJECT AND ENTRY INTO THE LOAN AGREEMENT	
Section 2.01	9
Section 2.02	9
ARTICLE III	
THE NOTES	
Section 3.01	10
Section 3.02	10
Section 3.03	10
Section 3.04	11
Section 3.05	12
Section 3.06	12
	13
FORM OF NOTE	
Section 3.07	20
Section 3.08	20
Section 3.09	20
Section 3.10	21
Section 3.11	21
Section 3.12	21
Section 3.13	21

Section 3.14	Required Notices to Holders of Notes	22
--------------	--------------------------------------	----

**ARTICLE IV
FUNDS AND ACCOUNTS; APPLICATION OF NOTES PROCEEDS**

Section 4.01	Establishment of Notes Project Fund; Application of Notes Proceeds	23
Section 4.02	Establishment of Notes Payment Fund	23
Section 4.03	Investment of Funds	24

**ARTICLE V
DEFAULT AND REMEDIES**

Section 5.01	Events of Default	25
Section 5.02	Remedies	25

**ARTICLE VI
[RESERVED]**

Section 6.01	[Reserved]	26
--------------	------------	----

**ARTICLE VII
MISCELLANEOUS**

Section 7.01	Amendment of Modification of Resolution	27
Section 7.02	Resolution Constitutes Contract	27
Section 7.03	Severability of Invalid Provisions	27
Section 7.04	Headings, Etc.	27
Section 7.05	Conflicting Provisions Repealed	27
Section 7.06	Covenant of Due Procedure, Etc.	27
Section 7.07	Effective Date	28
	SIGNATURES	28
	CERTIFICATION	29

PAINT CREEK PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE DESIGN OF NEW PUBLIC SEWERAGE FACILITIES OF PAINT CREEK PUBLIC SERVICE DISTRICT AND THE RETAINING OF ENGINEERING SERVICES FOR SUCH DESIGN AND THE TEMPORARY FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$145,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH NOTES; APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ADOPTED BY THE PUBLIC SERVICE BOARD OF PAINT CREEK PUBLIC SERVICE DISTRICT:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01 Definitions. The following terms shall have the following meanings in this Resolution unless the context expressly requires otherwise.

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption of this Resolution.

"Administrative Fee" means any administrative fee required to be paid under the Loan Agreement.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Notes, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

“Authorized Officer” means the Chairperson of the Governing Body of the Issuer or any other officer or person of the Issuer specifically designated by resolution of the Governing Body of the Issuer.

“Board” or “Governing Body” means the public service board of the Issuer or any successor thereto.

“Chairperson” means the Chairperson of the Governing Body of the Issuer.

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

“Consulting Engineers” means Ghosh Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineer shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

“Contract” means the contract for preconstruction engineering services by and between the Issuer and the Consulting Engineers.

“Council” means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

“Depository Bank” means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

“FDIC” means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

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

“Governmental Obligations” means direct obligations or, of obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, “Gross Revenues” shall not

include any proceeds from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined).

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

“Issuer” means Paint Creek Public Service District, a public service district and political subdivision of the State of West Virginia, in Kanawha County, West Virginia, and, unless the context clearly indicates otherwise, includes the Board and any successor thereto.

“Loan Agreement” means the Loan Agreement heretofore entered into, or to be entered into, between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Notes from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

“Noteholder” or “Holder of the Notes” or “Holder” or “Registered Owner” or any similar term means any person who shall be the registered owner of any Outstanding Note or Notes.

“Notes” means the not more than \$145,000 aggregate principal amount of Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), originally authorized hereby.

“Notes Legislation” or “Resolution” means this Notes Resolution and all orders, ordinances and resolutions supplemental hereto or amendatory hereof.

“Notes Project Fund” means the Notes Project Fund established by Section 4.01 hereof.

“Notes Payment Fund” means the Notes Payment Fund established by Section 4.02 hereof.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality

of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest, if any, on the Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Notes and as of any particular date, describes all Notes theretofore and thereupon being delivered except (a) any Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); and (b) any Note deemed to have been paid as provided in Article VI hereof.

"Paying Agent" means the Commission or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Project" means the Project described in Section 1.03A hereof.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to

the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

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

"Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Secretary" means the Secretary of the Issuer.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution of the Issuer amending or supplementing this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Notes, provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes, and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues, if any, not required by any prior bond or notes resolution to be set aside and held for the payment of or security for any outstanding bonds or notes of the Issuer, including any reserve or depreciation accounts.

“System” means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

“West Virginia Infrastructure Fund” means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Resolution; and the term “hereafter” means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution, together with any resolution supplemental hereto or amendatory hereof, is adopted pursuant to the provisions of the Act and other applicable provisions of the law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer does not now own or operate a public sewerage system. In order to promote and ensure the health, welfare and safety of the inhabitants of the Issuer, the Issuer proposes to design, acquire and construct a gravity sewer collection system, consisting of 60,000 feet of gravity sewer, 286 manholes and cleanouts, 11,000 feet of forcemain and 7 pumping stations, in the communities of Standard, Livingston, Gallagher and Holley Grove of Paint Creek, areas south of Route 61, and the community of Hansford, in Kanawha County together with all appurtenant facilities (the "Project"). The Project and any further additions, betterments and improvements thereto are herein called the "System".

B. In order to design the proposed Project, the Issuer has entered into the Contract with the Consulting Engineers for preconstruction engineering services for a total fee of not to exceed \$308,000.

C. It is deemed necessary for the Issuer to issue its Notes, in an aggregate principal amount of not more than \$145,000, to temporarily finance a portion of the costs of design of the Project and the costs of issuance of the Notes and related costs. The Consulting Engineers are deferring the remaining balance of the cost of design of the Project until such time as monies are received by the Issuer for acquisition and construction of the Project, or, in the event the Project is not acquired or constructed, the Issuer shall not be required to pay the remaining balance due to the Consulting Engineers for design of the Project.

D. It is in the best interests of the Issuer that its Notes be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

E. There are no outstanding bonds or other obligations of the Issuer which will rank senior and prior to or on a parity with the Notes as to liens, pledge and source of and security for payment. The Notes shall be payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes; and (3) Surplus Revenues, if any. The Issuer has no obligations outstanding which are payable from any source from which the Notes are payable.

In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from

the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

F. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to the authorization of the design of the Project, the Contract and the issuance of the Notes, or will have so complied prior to issuance of the Notes, including the obtaining of approval of the design of the Project, the Contract and the issuance of the Notes from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

G. Pursuant to the Act, the Project has been reviewed and determined to be technically and financially feasible by the Council and the Council has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund (or will have so authorized prior to issuance of the Notes).

Section 1.04. Notes Legislation Constitutes Contract. In consideration of the acceptance of the Notes by those who shall be Registered Owners of the same from time to time, this Notes Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of the Notes.

ARTICLE II

AUTHORIZATION OF THE DESIGN OF THE PROJECT AND ENTRY INTO THE LOAN AGREEMENT

Section 2.01. Authorization of the Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of not to exceed \$308,000. The Issuer is hereby authorized and directed to enter into the Contract with the Consulting Engineer.

Section 2.02. Authorization for Issuer to Enter Into Loan Agreement. The Issuer hereby approves the Loan Agreement and the sale of the Notes pursuant to the Loan Agreement. The Issuer is hereby authorized and directed to execute and deliver the Loan Agreement to the Authority.

ARTICLE III

THE NOTES

Section 3.01. Authorization of the Notes. For the purposes of temporarily financing a portion of the costs of design of the Project and paying the costs of issuance of the Notes and related costs, there shall be and hereby are authorized to be issued the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount of not more than \$145,000.

Section 3.02. Terms of Notes. The Notes shall be issued in fully registered form and shall be initially issued as one Note, numbered R-1, in the principle amount of not to exceed \$145,000. The Notes shall be dated such date, shall bear interest, if any, at such rate or rates, not exceeding the then legally permissible limit on such date or dates; shall be subject to an Administrative Fee, if any, set forth in the Loan Agreement; shall mature on such date or dates and in such amounts; and shall be subject to such repayment or redemption, all as provided in the Supplemental Resolution or the Notes.

The aggregate principal amount of the Notes need not be paid to the Issuer upon delivery of the Notes but may be advanced to the Issuer as requested by the Issuer from time to time; and the Notes shall evidence only the indebtedness recorded on the Record of Advances attached thereto and incorporated therein. Interest, if any, shall accrue on the Notes only on the amount of each advance from the actual date thereof as listed on said Record of Advances.

The Notes shall be payable as to principal and interest, if any, at the principal office of the Paying Agent in any coin or currency which, on the dates of payment, is legal tender for the payment of public and private debts under the laws of the United States of America.

Section 3.03. Execution and Authentication of Notes. The Notes shall be executed in the name of the Issuer by the manual signature of its Chairperson and the seal of the Issuer shall be affixed thereto, and attested by the manual signature of the Secretary of the Issuer. In case any one or more of the officers who shall have signed or sealed any of the Notes shall cease to be such officer of the Issuer before the Notes so signed and sealed shall have been actually sold or delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Notes may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Notes shall hold the proper office of the Issuer, although at the date of such Notes such person may not have held such office or may not have been so authorized.

No Note shall be valid or entitled to any security or benefit under this Resolution unless and until the certificate of authentication and registration on such Note shall have been duly manually executed by the Registrar, and such executed certificate of the Registrar upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Notes Legislation. The certificate of authentication and registration shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Notes issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Notes shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Notes, shall be conclusively deemed to have agreed that said Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Notes shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Notes remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Notes. The Notes shall be transferrable only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar by request of the registered owner thereof in person or by his attorney duly authorized in writing, and upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of a Note, there shall be issued to the transferee another fully registered Note or Notes of the aggregate principal amount equal to the unpaid amount of the transferred Note.

In all cases in which the privilege of transferring Notes is exercised, Notes shall be delivered in accordance with the provisions of this Resolution. All Notes surrendered in any such transfers shall forthwith be canceled by the Registrar. For every such transfer of Notes, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each new Note upon each transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer (except for the Authority) as a condition precedent to the exercise of the privilege of making such transfer. The Registrar shall not be obliged to make any such transfer of Notes during the 15 days preceding an interest payment date on the Notes or after notice of nay prepayment of the Notes has been given.

Section 3.05. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the Issuer, may in its discretion, issue and deliver a new Note in exchange and substitution for such mutilated Note upon surrender and cancellation of such mutilated Notes or in lieu of and substitution for the Note destroyed, stolen or lost and upon the Holder's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Council may prescribe and paying such expenses as the Issuer may incur. All Notes so surrendered shall be submitted to and canceled by the Registrar and held for the account of the Issuer. If such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Form of Notes. The text of the Notes shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAINT CREEK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN NOTE, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That PAINT CREEK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the _____ day of _____, 20____, the principal sum of _____ Dollars (\$_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached hereto and incorporated herein by reference as a part hereof, with no interest. The Administrative Fee (as defined in the hereinafter described Notes Legislation) in the amount of _____% as set forth in the Loan Agreement (as hereinafter defined) shall also be payable on the _____ day of _____, 20____.

The principal of this Note and the Administrative Fee are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated _____, 199____, by and between the Issuer and the Authority, on behalf of the Council.

This Note is issued (i) to temporarily finance a portion of the costs of design of new public sewerage facilities of the Issuer (the "Project", and together with any further additions, betterments and improvements thereto, collectively referred to as the "System") and (ii) to pay the costs of issuance hereof and related costs. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution

duly adopted by the Issuer on _____, 199_, and a Supplemental Resolution duly adopted by the Issuer on _____, 199_ (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of this Note is payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of this Note; and (3) Surplus Revenues (as defined in the Notes Legislation), if any. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of _____, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of design of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

All provisions of the Notes Legislation and the statutes under which this Note is issued shall be deemed to be part of the contract evidenced by this Note to the same extent as if written fully herein.

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, PAINT CREEK PUBLIC SERVICE DISTRICT
has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Note to be dated
_____, 199____.

[SEAL]

Chairperson

Attest:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

Registrar

Authorized Officer

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

IN THE PRESENCE OF:

(Form Of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	

TOTAL \$ _____

Section 3.07. Sale of Notes. The Notes shall be sold to the Authority contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of the Supplemental Resolution; provided, that the Authority and the Issuer shall have agreed to the purchase thereof.

Section 3.08. Advances of Principal of Notes. The Issuer shall request the Council for the proceeds of the Notes as needed to pay the costs of design of the Project and the costs of issuance of the Notes and related costs, and such proceeds shall be paid to the Issuer or its designated payee only upon resolution of the Governing Body and only to pay the costs authorized by this Notes Legislation. After payment of all such costs, any remaining Notes proceeds which have been advanced to the Issuer shall be transferred to the Notes Payment Fund and applied to the payment of the Notes.

Section 3.09. Pledge of Security for the Notes. The principal of and interest, if any, on the Notes shall be payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes; and (3) Surplus Revenues, if any, all of which are hereby pledged for such payment. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

Section 3.10. Notes Not to be Indebtedness of Issuer. The Notes shall be special obligations of the Issuer, payable solely from the sources described above. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as pledged therefor by this Resolution.

Section 3.11. Refunding of Notes. In the event proceeds of the grants (other than grants from the West Virginia Infrastructure Fund) for the System, proceeds of revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes, and/or Surplus Revenues, are not sufficient or available on a timely basis to pay the Notes in full by the maturity date of the Notes, the Issuer covenants and agrees, at the direction of the Authority and the Council, to issue and sell its refunding notes or bonds in an amount sufficient to pay the entire outstanding principal of and interest, if any, accrued on the Notes.

Section 3.12. Prohibition of Other Loans. So long as the Notes are outstanding, no bonds, notes or other evidences of indebtedness shall be issued by the Issuer without the prior written consent of the Authority and the Council; provided however, that the Issuer may issue refunding notes or bonds to pay the entire outstanding principal of and interest, if any, accrued on the Notes in full.

Section 3.13. Covenants with Holders of Notes. In order to secure the payment of the Notes, the Issuer hereby covenants and agrees with the Holders of the Notes, as follows:

(A) The Issuer will not make or cause or permit to be made any application of the proceeds of the Notes except in accordance with the provisions of Section 4.01 hereof, or of any moneys held in the Notes Payment Fund except in accordance with the provisions of Section 4.02 hereof.

(B) The Issuer will comply in all respects with the terms and provisions of any grant agreements applicable to the System and with all applicable State and federal laws and regulations governing the implementation of such grant agreements.

(C) The Issuer will, in the event proceeds of the grants for the System and/or proceeds of revenue bonds, refunding bonds or other obligations of the

Issuer, issued subsequent to the issuance of the Notes, are not sufficient or available to pay the Notes in full by the maturity date of the Notes, issue and sell its refunding notes or bonds and apply the proceeds of its refunding notes or bonds to the payment of the Notes in accordance with the provisions of Section 3.11 hereof.

(D) The Issuer will comply with all the terms and conditions of the Loan Agreement.

Section 3.14. Required Notices to Holders of Notes. The Issuer will provide the Authority and the Council, prompt written notice, appropriately documented, of any of the following events:

(A) If the Issuer is unable or unsuccessful in obtaining permanent financing for the Project;

(B) Any suspension, termination or modification of any grant;

(C) The authorization by the Issuer of any additional indebtedness related to the System; and

(D) Any activity that would stop the work schedule of the Contract.

ARTICLE IV

FUNDS AND ACCOUNTS; APPLICATION OF NOTES PROCEEDS

Section 4.01. Establishment of Notes Project Fund; Application of Notes Proceeds. There is hereby created and established with the Depository Bank, to be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from all other funds or accounts of the Issuer, the Notes Project Fund. The moneys derived from the sale of the Notes shall be deposited with the Depository Bank in the Notes Project Fund and applied solely to the payment of the costs of the design of the Project and the costs of issuance and related costs, and until so expended, are hereby pledged as additional security for the Notes.

Section 4.02. Establishment of Notes Payment Fund. There is hereby created and established with the Commission, to be held by the Commission separate and apart from all other funds or accounts of the Commission and from all other funds or accounts of the Issuer, the Notes Payment Fund. Upon receipt of proceeds of any grant for the System, an amount of the proceeds of such grant sufficient to pay the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee in full shall be deposited in the Notes Payment Fund. In the event proceeds of such grant are not sufficient to pay the Notes in full, then all proceeds of such grant shall be deposited in the Notes Payment Fund to pay a portion of the Notes. Upon the issuance of the revenue bonds, refunding bonds or other obligations of the Issuer, an amount of the proceeds of such revenue bonds, refunding bonds or other obligations of the Issuer sufficient to pay the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee in full shall be deposited in the Notes Payment Fund. All moneys deposited in the Notes Payment Fund shall be immediately paid by the Commission to the Authority in full payment of the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee and then shall be paid by the Commission to the Paying Agent for charges, if any, for services rendered. Until payment in full of the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee, all moneys deposited in the Notes Payment Fund shall be held in trust for the Authority, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the Notes in full and the charges, if any, of the Paying Agent.

Any moneys remaining in the Notes Payment Fund, after the payment of the Notes in full and all charges of the Paying Agent, shall be returned to the Issuer to be used for any lawful purpose of the System.

Section 4.03. Investment of Funds. Pending application as provided above, any moneys held in the Notes Project Fund and the Notes Payment Fund shall be invested and reinvested by the Depository Bank and the Commission at the direction of the Issuer to the fullest extent possible under applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute and "Event of Default" with respect to the Notes:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes in this Resolution, any Supplemental Resolution, or in the Notes, as the case may be, contained, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Note may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Holders of the Notes including the right to require the Issuer to perform its duties under the Act and the Notes Legislation relating thereto, (iii) bring suit upon the Notes, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Notes, and (v) by action or bill in equity enjoin any acts in violation of the Notes Legislation with respect to the Notes, or the rights of the Holders of the Notes.

ARTICLE VI

[RESERVED]

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of Resolution. Prior to issuance of the Notes, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Notes, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Noteholders shall be made without the consent in writing of the Holders of the Notes then Outstanding; provided, that no change shall be made in the maturity of any Note or Notes or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Holder thereof.

Section 7.02. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Holder of the Notes, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 7.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution or the Notes.

Section 7.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 7.05. Conflicting Provisions Repealed. All resolutions, indentures or orders, or parts thereof, in conflict with the provision of this Resolution are, to the extent of such conflict, hereby repealed.

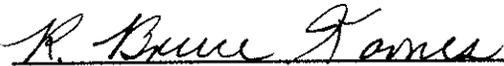
Section 7.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairperson, 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 7.07. Effective Date. This Resolution shall take effect immediately upon adoption thereof.

Adopted this 13th day of August, 1997.


Chairperson


Member


Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Governing Body of
PAINT CREEK PUBLIC SERVICE DISTRICT on August 13, 1997.

Dated: August 18, 1997.

[SEAL]



Larry R. Verry
Secretary

08/12/97
684050/97001

PAINT CREEK PUBLIC SERVICE DISTRICT

Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, REDEMPTION PROVISION AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND), OF PAINT CREEK PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES AND THE SALE AND DELIVERY OF SUCH NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

WHEREAS, the public service board (the "Governing Body") of Paint Creek Public Service District (the "Issuer") has duly and officially adopted a Resolution, effective August 13, 1997 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE DESIGN OF NEW PUBLIC SEWERAGE FACILITIES OF PAINT CREEK PUBLIC SERVICE DISTRICT AND THE RETAINING OF ENGINEERING SERVICES FOR SUCH DESIGN AND THE TEMPORARY FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$145,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH NOTES; APPROVING A LOAN AGREEMENT

RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Notes"), of the Issuer, in the aggregate principal amount of not more than \$145,000, and has authorized the execution and delivery of a loan agreement relating to the Notes (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution, it is provided that the principal amount, date, maturity date, interest rate, interest and principal payment dates, redemption provision and other terms of the Notes should be established by a Supplemental Resolution thereto and that other matters relating to the Notes be therein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Notes are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the principal amount, date, maturity date, interest rate, interest and principal payment dates, redemption provision and other terms of the Notes be fixed hereby in the manner stated herein, and that other matters relating to the Notes be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PAINT CREEK PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), of the Issuer, initially represented by a single Note, numbered R-1, in the principal amount of \$145,000, or such lesser amount as shall have been advanced, as set forth in the Record of Advances attached to the Note. The Notes shall be dated the date of delivery thereof and shall bear no interest. The entire outstanding principal shall be payable on August 18, 2000, as set forth in the Notes and "Schedule X" attached to the Loan Agreement. The Notes shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Notes.

Section 2. The Issuer does hereby approve and shall pay the Administrative Fee equal to 3% of the principal amount of the Notes set forth in "Schedule X" attached to the Loan Agreement.

Section 3. All other provisions of the Notes and the text of the Notes shall be in substantially the form provided in the Resolution.

Section 4. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Notes shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Notes shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), for the Notes and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Notes, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Notes under the Resolution.

Section 7. The Issuer hereby appoints and designates Merchants National Bank, Montgomery, West Virginia, as the Depository Bank under the Resolution.

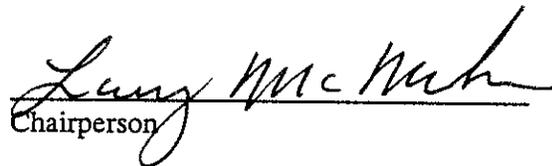
Section 8. All proceeds of the Notes shall be deposited in or credited to the Notes Project Fund as received from time to time for payment of costs of design of the Project, including costs of issuance of the Notes and related costs.

Section 9. The Chairperson and the Secretary are hereby authorized and directed to execute and deliver the Notes and such other documents and certificates required or desirable in connection with the Notes hereby and by the Resolution approved and provided for, to the end that the Notes may be delivered to the Authority on or about August 18, 1997, pursuant to the Loan Agreement.

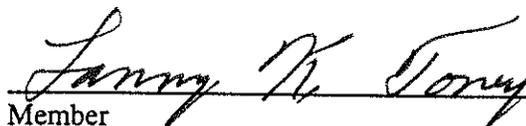
Section 10. The design of the Project and the temporary financing thereof in part with proceeds of the Notes is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 13th day of August, 1997.


Chairperson


Member

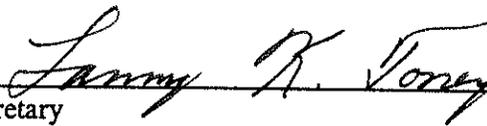

Member

CERTIFICATION

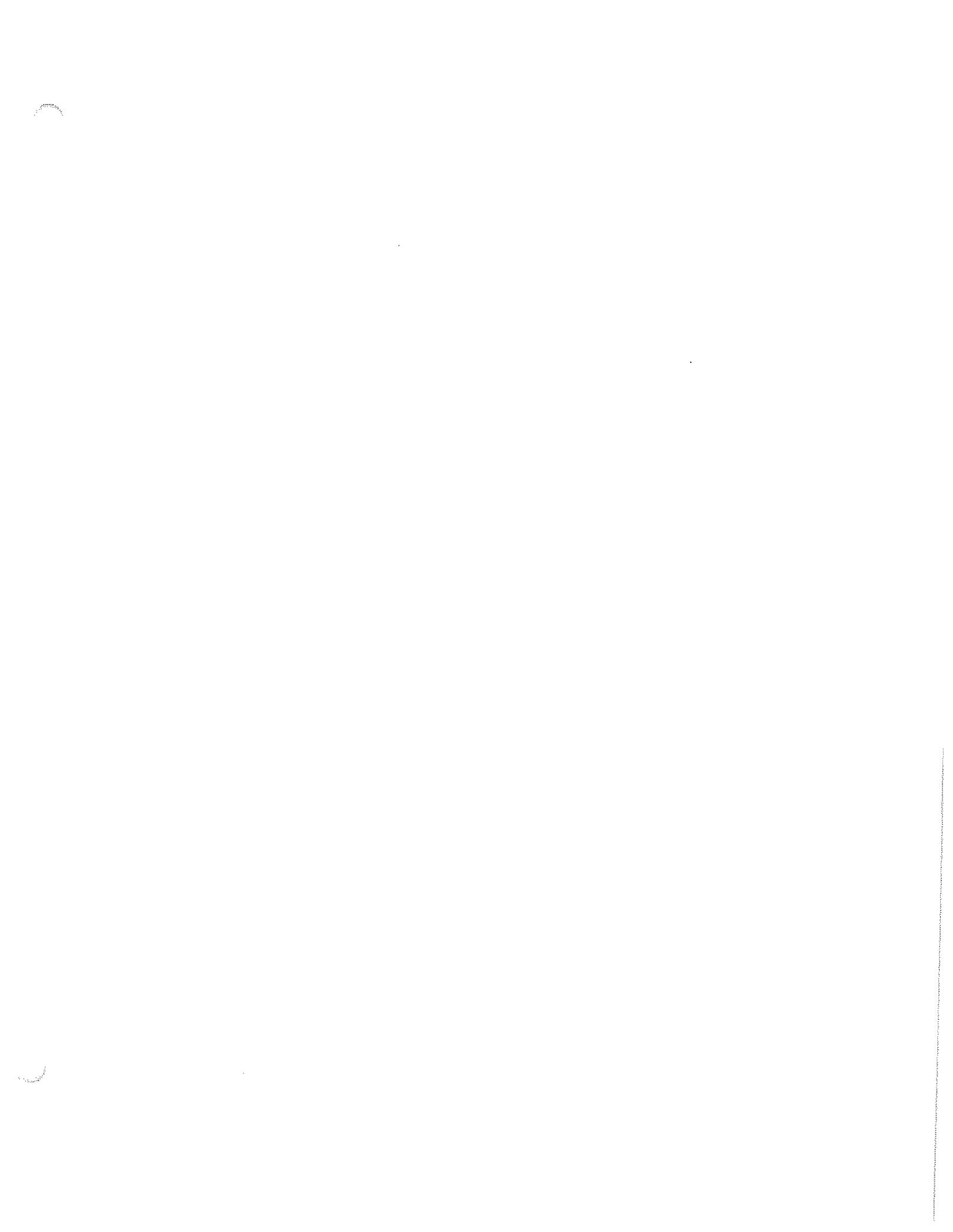
Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Paint Creek Public Service District on the 13th day of August, 1997.

Dated: August 18, 1997.

[SEAL]


Secretary

08/12/97
684050/97001



LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the governmental agency designated below (the "Governmental Agency");

PAINT CREEK PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the planning, design, acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

WHEREAS, pursuant to the Act, the cost of a project includes the cost of preliminary design and analysis, preparation of plans and specifications, and other engineering services;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to enter into contracts for engineering services and to finance the cost of such engineering services by borrowing money to be evidenced by bonds, notes or other negotiable instruments (hereinafter referred to as the "Notes") issued by the Governmental Agency;

WHEREAS, the Governmental Agency has completed and filed with the Authority an application for a preconstruction engineering services loan with attachments and exhibits (the "Application"), which Application is incorporated herein by this reference;

WHEREAS, the Governmental Agency has entered into a contract for engineering services as set forth in the Application (the "Contract"); and

WHEREAS, having reviewed the Application and made all findings required by the Engineering Design Advance Assistance Funding Program (as hereinafter defined) and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of the Notes of the Governmental Agency with moneys in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Engineering Design Advance Assistance Funding Program as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Notes, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineers engaged by the Governmental Agency to provide engineering services, and designated in the Application, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, and any qualified successor thereto.

1.4 "Contract" means the contract for preconstruction engineering services by and between the Governmental Agency and the Consulting Engineers, and, as necessary, approved by the Public Service Commission.

1.5 "Engineering Design Advance Assistance Funding Program" means the Council's program whereby loans may be made to qualified Governmental Agencies for preconstruction engineering services.

1.6 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.7 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of the Notes pursuant to this Loan Agreement.

1.8 "Local Act" means the resolution, ordinance or other official action of the Governmental Agency required by Section 4.1 hereof, authorizing the issuance of the Notes.

1.9 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Notes are issued.

1.10 "Notes" means the not more than \$120,000 aggregate principal amount of Sewage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), to be issued by the Governmental Agency.

1.11 "Project" means the proposed facilities the Governmental Agency intends to construct for which the preconstruction engineering services are being contracted.

1.12 "Surplus Revenues" means either gross or net revenues, if any, derived from the System and not required to be set aside and held for the payment of or security for any outstanding bonds or notes of the Governmental Agency, including any reserve or depreciation accounts.

1.13 "System" means the facilities owned or to be owned by the Governmental Agency, of which the Project will constitute all or a part thereof, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.14 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Contract

2.1 The Contract shall provide for all preconstruction engineering services necessary for the implementation of the Project, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

2.2 The Governmental Agency shall do all things necessary to acquire the proposed site of the Project and all necessary easements, and shall do all things necessary to acquire and construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers pursuant to the Contract.

2.3 The Governmental Agency shall keep complete and accurate records of the cost of the engineering services rendered pursuant to the Contract. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Contract at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably request in connection with the Contract and the administration of the Loan or of any State and federal grants or other sources of financing for the Contract.

2.4 The Governmental Agency shall require that the Consulting Engineers furnish all bonds required by law.

2.5 The Governmental Agency shall require that the Consulting Engineers maintain, during the life of the Contract, workers' compensation coverage and all other insurance coverage required by law.

2.6 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Council, the Authority or other State, federal or local bodies in regard to the performance of the Contract.

ARTICLE III

Conditions to Loan; Issuance of Notes

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date for the Notes, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivery to the Authority of the Notes described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC"), as necessary, to enter into the Contract and to borrow funds from the Authority under the terms and conditions of this Loan Agreement, with all requisite appeal periods having

expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(d) The Governmental Agency shall have procured the subject engineering services in accordance with Chapter 5G, Article 1 of the Code of West Virginia.

(e) The Governmental Agency shall have obtained any and all approvals for the issuance of the Notes required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency or bond counsel but must be satisfactory to the Authority, to such effect;

(f) The net proceeds of the Notes, together with all moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, in addition to Surplus Revenues of the System, if any, and any amounts the Consulting Engineers shall have agreed to finance from their own funds, shall be sufficient to pay the costs of the Contract as set forth in the Application, and the Authority shall have received evidence satisfactory to the Authority of such irrevocably committed funds.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Notes in the principal amount and at the price set forth in Schedule X hereto. The Notes shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Notes shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Notes shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan

Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans to finance preconstruction engineering services related to proposed projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Notes unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Notes and that, prior to such execution, the Authority may commit to and purchase the notes and/or revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

Notes; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Notes pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted or adopted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) The Governmental Agency hereby pledges the following sources of funds as security for the Notes:

(i) Proceeds of any grants (other than Infrastructure Fund grants) received by the Governmental Agency for the System,

(ii) Proceeds of any revenue bonds, refunding bonds or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes, and

(iii) Surplus Revenues of the System subject to the lien on said Surplus Revenues established for any debt previously issued by the Governmental Agency.

In the event no grants, other than Infrastructure Fund grants, are received for the System or no revenue bonds, refunding bonds or other obligations of the Governmental Agency are issued by the maturity date of the Notes, and if the Surplus Revenues of the System are inadequate to amortize the Notes over a twenty year period, then the payment of the Notes shall be deferred until the earlier of (i) the date a grant(s), other than Infrastructure

Fund grants, are received for the System, (ii) the date revenue bonds, refunding bonds or other obligations of the Governmental Agency are issued, or (iii) twenty years from the date of issuance of the Notes. In the event a grant(s) other than an Infrastructure Fund grant, is received by the Governmental Agency, or revenue bonds, refunding bonds, or other obligations of the Governmental Agency are issued, the Governmental Agency shall pay the Authority the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes, from such sources. In the event that the Governmental Agency receives a grant(s) or other non loan funding assistance for the construction of a project to serve the area described in the Application which grant or other funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the net revenues of the system so constructed (or from bond proceeds secured by such revenues) and such repayment shall be amortized for a period not to exceed twenty years. If, on the 20th anniversary of the issuance of the Notes, the Governmental Agency has not received any grants, other than Infrastructure Fund grants, has not issued obligations to repay the Notes and has not constructed any improvements to its System, then the Council shall instruct the Authority to convert the Notes to a grant and cancel the Notes.

In the event Surplus Revenues are available and pledged for the payment of the Notes, the revenues generated from the operation of the System will be used monthly, in the order of priority listed below:

- (i) to pay Operating Expenses of the System,
- (ii) for other legal purposes of the System, including payment of debt service on the Notes and all other outstanding obligations of the Governmental Agency and meeting and maintaining all required reserve accounts and renewal and replacement, or similar accounts, and
- (iii) payment of principal and interest, if any, on the Notes.

Provided, that if the Governmental Agency has existing outstanding indebtedness which requires payments to be made to fund a reserve account, depreciation fund, renewal and replacement fund or similar fund or account, such payments shall be made prior to payment of debt service on the Notes.

(b) The Governmental Agency hereby covenants substantially as follows:

- (i) That the Governmental Agency will, simultaneously with the closing of the Notes, if not executed earlier, enter into the Contract for the design of the Project and, following completion of the design, will use its best efforts to complete the Project and will operate and maintain the System in good condition;

(ii) That the Governmental Agency shall establish or, where appropriate, petition the Public Service Commission to establish rates to provide for revenues sufficient to pay the Notes, and that the Governmental Agency recognizes that any owner of the Notes may by proper legal action compel the performance of the duties of the Governmental Agency under the Local Act, and shall also have, in the event of a default in the payment of principal of and interest, if any, on the Notes, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

(iii) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(iv) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

(vi) That the proceeds of the Notes must be deposited in a notes project fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Notes shall have a lien until such proceeds are applied to the payment of the costs of the Contract;

(vii) That, as long as the Authority is the owner of any of the Notes, the Governmental Agency may not redeem any Notes without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

(viii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code"), which exception shall be set forth in an opinion of bond counsel, or, at the option of the Authority, the loan is not tax-exempt, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations or to the effect that no rebate is payable, and, at any time, any additional information requested by the Authority;

(ix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the State's general obligation bonds issued to provide moneys for the Infrastructure Fund, or any bonds secured by the Notes;

(x) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Notes (as that term is defined in the Code) from time to time as the Authority may request, and

(xi) That the Governmental Agency shall not issue any bonds, notes or other obligations payable from the revenues of the System unless it has received the written consent of the Authority and the Council.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Notes shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The principal of and interest, if any, on the Loan shall be repaid by the Governmental Agency on the days and in the years as provided in Schedule X hereto.

4.3 The Loan shall bear interest, if any, from the dates and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Notes exceed any statutory limitation with regard thereto.

4.4 The Notes shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Notes may be issued in one or more series, as reflected by Schedule X hereto.

4.5 The Governmental Agency shall pay to the Authority, for the benefit of the Infrastructure Fund, a one time Administrative Fee of 3% of the original aggregate principal amount of the Note. This Administrative Fee will be added to the principal amount of the Note due on the maturity date thereof.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act.

5.2 In the event the Governmental Agency defaults in any amortized payment to the Authority, the amount of such default shall bear interest at the annual rate of 3% on the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.3 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the costs of the Contract was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Notes, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Code, if applicable, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable

to preserve the exclusion from gross income for Federal income tax purposes of interest on the Notes.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority 90 days prior written notice of the issuance by it of any other obligations to be used to pay costs of the Contract or proposed Project, payable from the revenues of the System or from any grants for the Contract or Project or otherwise related to the Contract, the Project or the System.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement and the provisions of the Note.

7.3 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.5 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.6 This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Notes to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Notes to the Authority;
- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest, if any, on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

PAINT CREEK PUBLIC SERVICE DISTRICT

(SEAL)

By: Larry McMich
Chairman

Attest:

Date: Aug. 18, 1997

Larry K. Toney
Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Gankasky
Director

Attest:

Date: Aug 18, 1997

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
1320 One Valley Square
Charleston, West Virginia 25301

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of notes of the Governmental Agency, dated _____, 19__ (the "Notes"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Notes are in the principal amount of \$_____, issued in the form of one note, fully registered as to principal and interest to the Authority, with interest and principal payable in quarterly installments on September 1, December 1, March 1 and June 1 of each year, beginning _____1, 19__, at the rate as set forth in Exhibit A incorporated in and made a part of the Notes.

The Notes are issued for the purpose of financing a portion of preliminary engineering and design costs for certain _____ (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the note _____ duly enacted by the Governmental Agency on _____ (the

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to design, construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Notes, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Notes. The Local Act contains provisions and covenants substantially in the form of those set forth in Article IV of the Loan Agreement.

5. The Notes are valid and legally enforceable special obligations of the Governmental Agency, payable from the proceeds of any grants received by the Governmental Agency for the System, proceeds of any revenue bonds, refunding bonds or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes, and Surplus Revenues, if any, all in accordance with the terms of the Notes and the Local Act, and have been duly issued and delivered to the Authority.

6. [If required, the Notes are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Notes is excludable from the gross income of the recipients thereof for Federal income tax purposes.]

7. [The Notes and the interest thereon are, by the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.]

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

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

Very truly yours,

C:\OFFICE\WPWIN\WPDOCS\CLOSED\PAINTCR.ENG

SCHEDULE X

DESCRIPTION OF NOTES

Principal Amount of Notes	\$145,000
Purchase Price of Notes	\$145,000

Principal on the Notes is deferred until August 18, 2000, upon which date the entire outstanding principal is due. There is no interest on the Notes.

An Administrative Fee of 3% of the principal amount of the Notes is due and payable on August 18, 2000.

The Notes will be fully registered in the name of the West Virginia Water Development Authority as to principal and such Notes shall grant the Authority a first lien on the proceeds of any grants for the System (other than Infrastructure Fund grants), and/or proceeds of any revenue bonds, refunding bonds or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes, and Surplus Revenues, if any, of the System.

The Governmental Agency may prepay the Notes part or in whole at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Notes, which written request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Paint Creek Public Service District

\$145,000 0% Interest. 3 Years

\$4,350.00 Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Administrative Fee	Total
August 18, 2000	145,000	-	4,350	149,350



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 9th day of June, 1997.

CASE NO. 97-0456-PSD-PC

PAINT CREEK PUBLIC SERVICE DISTRICT
Petition for consent and approval of
engineering fees for Ghosh Engineers, Inc.

COMMISSION ORDER

On April 17, 1997, Paint Creek Public Service District petitioned for consent and approval to enter into a One Hundred Forty-Five Thousand Dollar (\$145,000) deferred loan from the West Virginia Infrastructure and Jobs Development Council to pay engineering fees. The fees are for a contract which was approved by the Commission on March 26, 1997, in Case Number 96-1207-PSD-PC.

On May 27, 1997, Commission Staff (Staff) advised that the Infrastructure Council can provide up to \$145,000 for preliminary and design engineering services as a deferred loan. Initial & Final Joint Staff Memorandum p. 2. The loaned amount will become part of the project cost to be paid with permanent financing. Id. If the project is not ultimately constructed, the Infrastructure Council may treat part of the amount loaned as uncollectible. Id. Since the amount of the deferred loan does not exceed the amount authorized by statute and since Paint Creek will not have to repay the loan if the project is not built, Staff recommended that the petition be granted.

DISCUSSION

West Virginia Code § 16-13A-25 provides, in pertinent part, as follows:

. . . a public service district shall not borrow money .
. . . without the prior consent and approval of the public
service commission . . .

We agree with Staff and Paint Creek that Paint Creek should be permitted to enter into the deferred loan to pay for the engineering services previously approved by the Commission.

FINDINGS OF FACT

1. On March 26, 1997, in Case Number 96-1207-PSD-PC, the Commission approved Paint Creek's entry into an engineering contract with Ghosh Engineers, Inc.
2. On April 17, 1997, Paint Creek petitioned for consent and approval to enter into a One Hundred Forty-Five Thousand Dollar (\$145,000) deferred loan from the Infrastructure Council to pay the fees for the engineering contract approved in Case Number 96-1207-PSD-PC.
3. On May 27, 1997, Staff recommended that the petition be granted since the amount of the deferred loan does not exceed the

amount authorized by statute and since Paint Creek will not have to repay the loan if the project is not built. Initial & Final Joint Staff Memorandum p. 2.

CONCLUSION OF LAW

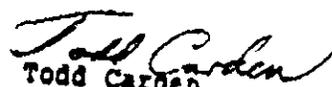
Paint Creek's petition for permission to enter into a \$145,000 deferred loan with the Infrastructure Council, to pay for engineering services previously approved by the Commission, should be approved.

ORDER

IT IS THEREFORE ORDERED that Paint Creek's petition is approved: Paint Creek may enter into a \$145,000 deferred loan with the Infrastructure Council to pay for engineering services previously approved by the Commission.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:


Todd Carden
Executive Secretary



Small mark or smudge in the bottom left corner.





West Virginia Infrastructure & Jobs Development Council

Public Members:

- Russell L. Isaacs, Chairman
Cottageville
- James D. Williams, Vice-Chairman
St. Albans
- Lloyd P. Adams, P.E.
Wheeling
- James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304)558-4609

Susan J. Riggs, Esquire
Executive Secretary

December 19, 1996

Lanny Toney, Commissioner
Paint Creek Public Service District
P.O. Box 329
Gallagher, WV 25083

Re: Paint Creek Public Service District
Engineering Design Advance Funding Assistance Request

Dear Mr. Toney:

The West Virginia Infrastructure and Jobs Development Council (Council), at its December 11, 1996 meeting, considered the Paint Creek Public Service District's (District) request, made pursuant to the Council's Engineering Design Advance Funding Assistance Program (Program), for funding of \$145,000 to pay for preconstruction engineering services related to its proposed project to construct a wastewater collection system to serve the areas of Hansford, Gallagher, Livingston, Holley Grove and Standard. The Council approved funding in the amount of \$145,000.

The Council understands that the District does not currently have any customers. Accordingly, the Council's funding will be in the form of a deferred loan obligation, to be repaid with the project's permanent financing.

The Council is currently drafting the appropriate loan documents for the proposed funding, and will provide a draft of the same to the District as soon as possible. If you have any questions regarding this matter, please contact Susan J. Riggs, Executive Secretary of the Council, at (304) 558-4607.

Sincerely,

Russell L. Isaacs

RLI/bh

cc: Paul Ghosh

5

C

2

.....

PAINTE CREEK PUBLIC SERVICE DISTRICT

Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR NOTE AND NOTE PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the undersigned Chairperson of the Public Service Board of Paint Creek Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

I. On the 18th day of August, 1997, the Authority received the entire original issue of Paint Creek Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), No. R-1, issued as a single, fully registered Note, in the principal amount of \$145,000, dated August 18, 1997 (the "Notes").

1. At the time of such receipt, the Notes had been executed and sealed by the designated officials of the Issuer.

2. The Issuer has received and hereby acknowledges receipt from the Authority and the Council of the sum of \$67,250, being the initial advance of principal of the Notes. Additional advances of the balance of the principal amount of the Notes will be requested by the Issuer and made by the Authority and the Council as design of the Project progresses.

WITNESS our respective signatures on this 18th day of August, 1997.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

PAINT CREEK PUBLIC SERVICE DISTRICT

Lucy Mc Murk
Chairperson

08/12/97
684050/97001



PAINT CREEK PUBLIC SERVICE DISTRICT

Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER NOTE

One Valley Bank, National Association,
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

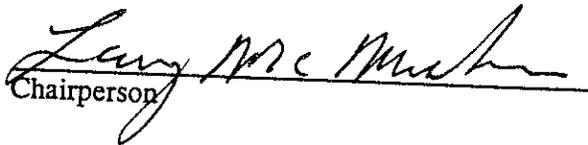
Notes: There are delivered to you herewith as Registrar for the above-captioned

- (1) Note No. R-1, constituting the entire original issue of the Paint Creek Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), in the principal amount of \$145,000, dated August 18, 1997 (the "Notes"), executed by the Chairperson and the Secretary of Paint Creek Public Service District (the "Issuer") and bearing the official seal of the Issuer. The Notes are authorized to be issued under and pursuant to a Notes Resolution duly adopted by the Issuer on August 13, 1997, and a Supplemental Resolution duly adopted by the Issuer on August 13, 1997 (collectively, the "Notes Legislation");
- (2) A copy of the Notes Legislation duly certified by the Secretary of the Issuer;
- (3) Executed counterparts of the loan agreement dated August 18, 1997 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").
- (4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Notes.

You are hereby requested and authorized to authenticate, register and deliver the Notes to the Authority, upon payment to the Issuer of the sum of \$67,250, representing the initial advance of principal of the Notes.

Dated this 18th day of August, 1997.

PAINT CREEK PUBLIC SERVICE DISTRICT


Chairperson

08/12/97
684050/97001



(SPECIMEN NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAINT CREEK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN NOTE, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$145,000

KNOW ALL MEN BY THESE PRESENTS: That PAINT CREEK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the 18th day of August, 2000, the principal sum of One Hundred Forty Five Thousand Dollars (\$145,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached hereto and incorporated herein by reference as a part hereof, with no interest. The Administrative Fee (as defined in the hereinafter described Notes Legislation) in the amount of 3% as set forth in the Loan Agreement (as hereinafter defined) shall also be payable on the 18th day of August, 2000.

The principal of this Note and the Administrative Fee are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated August 18, 1997, by and between the Issuer and the Authority, on behalf of the Council.

This Note is issued (i) to temporarily finance a portion of the costs of design of new public sewerage facilities of the Issuer (the "Project", and together with any further additions, betterments and improvements thereto, collectively referred to as the "System") and (ii) to pay the costs of issuance hereof and related costs. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution duly adopted by the Issuer on August 13, 1997, and a Supplemental Resolution duly adopted

by the Issuer on August 13, 1997 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of this Note is payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of this Note; and (3) Surplus Revenues (as defined in the Notes Legislation), if any. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of design of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

All provisions of the Notes Legislation and the statutes under which this Note is issued shall be deemed to be part of the contract evidenced by this Note to the same extent as if written fully herein.

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, PAINT CREEK PUBLIC SERVICE DISTRICT
has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Note to be dated August 18, 1997.

[SEAL]

Chairperson

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: August 18, 1997

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

IN THE PRESENCE OF:

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(16) \$	
(2) \$		(17) \$	
(3) \$		(18) \$	
(4) \$		(19) \$	
(5) \$		(20) \$	
(6) \$		(21) \$	
(7) \$		(22) \$	
(8) \$		(23) \$	
(9) \$		(24) \$	
(10) \$		(25) \$	
(11) \$		(26) \$	
(12) \$		(27) \$	
(13) \$		(28) \$	
(14) \$		(29) \$	
(15) \$		(30) \$	

TOTAL \$ _____



STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

August 18, 1997

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

RILEY BUILDING, FOURTH FLOOR
14TH AND CHARLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

Paint Creek Public Service District
Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

West Virginia Infrastructure and
Jobs Development Council
1320 One Valley Square
Charleston, West Virginia 25301

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Paint Creek Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$145,000 Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated the date hereof (the "Notes").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 18, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Notes, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Notes are originally issued in the form of one Note, registered as to principal to the Authority, with no interest, and the entire outstanding principal of the Notes shall be payable on August 18, 2000, all as set forth in the Notes and "Schedule X" attached to the Loan Agreement.

The Notes are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) temporarily financing a portion of the costs of design of new public sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Notes Resolution duly adopted by the Issuer on August 13, 1997, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 13, 1997 (collectively, the "Notes Legislation"), pursuant to and under which Act and Resolution the Notes are authorized and issued, and the Loan Agreement has been entered into. The Notes are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to adopt the Notes Legislation, to design the Project and to issue and sell the Notes, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended so as to adversely affect the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Notes Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their terms. The Notes Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Notes have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes; and (3) Surplus Revenues, if any, all in accordance with the terms of the Notes and the Notes Legislation.

5. The Notes have not been issued on the basis that the interest thereon, if any, is or will be excluded from gross income for federal income tax purposes; therefore, the interest, if any, on the Notes is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

6. The Notes are, under the Act, exempt from direct taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Notes, if any, is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

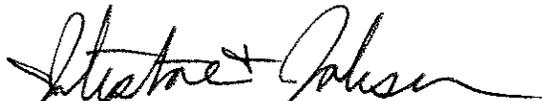
It is to be understood that the rights of the holders of the Notes and the enforceability of the Notes, the Notes Legislation and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights

West Virginia Water Development
Authority, et al.
Page 3

heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

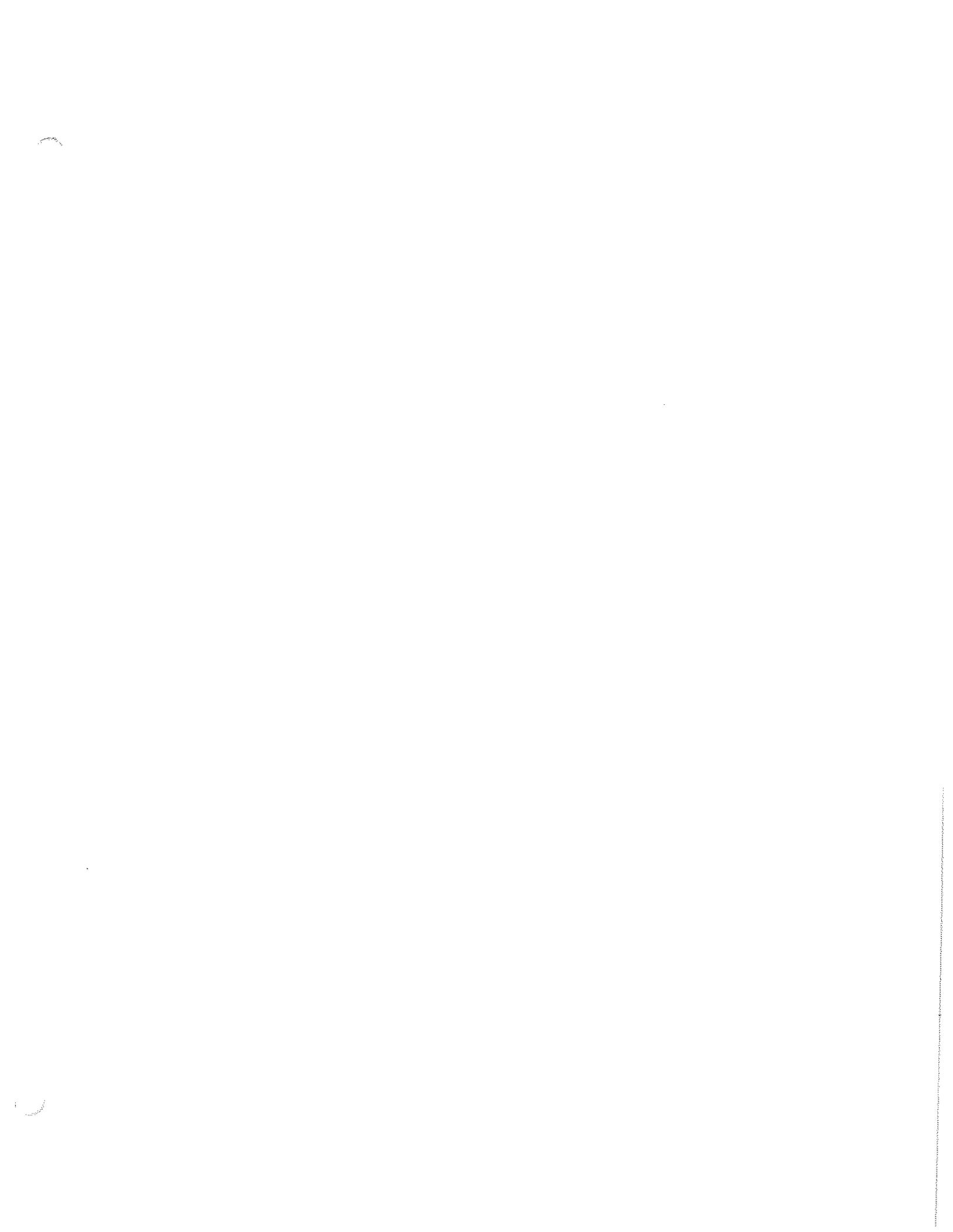
We have examined the executed and authenticated Note numbered R-1, and in our opinion the form of said Note and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

08/13/97
684050/97001



BILLHEIMER & KEENER, L.C.

ATTORNEYS AT LAW



GORDON BILLHEIMER
RAYMOND KEENER, III

311 WASHINGTON STREET
MONTGOMERY, WV 25136
(304) 442-5161
FAX (304) 442-5163

307 PENNSYLVANIA AVE.
CHARLESTON, WV 25302
(304) 344-5470
1-800-924-3849

August 18, 1997

Paint Creek Public Service District
Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

West Virginia Infrastructure and
Jobs Development Council
1320 One Valley Square
Charleston, West Virginia 25301

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26302

Ladies and Gentlemen:

I am counsel to Paint Creek Public Service District, a public service district, in Kanawha County, West Virginia (the "Issuer"), in connection with the issuance and sale of the above-captioned notes (the "Notes"). As such counsel, I have reviewed copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated August 18, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of West Virginia Infrastructure and Jobs Development Council (the "Council"), the Notes Resolution duly adopted by the Issuer on August 13, 1997, as supplemented by the Supplemental Resolution duly adopted by the Issuer on August 13, 1997 (collectively, the "Notes Legislation"), and other documents, papers, agreements, instruments and certificates relating to the Notes and orders of The County Commission of Kanawha County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Notes Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

3. The Notes Legislation has been duly adopted by the Issuer and is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms.

4. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

5. The execution and delivery of the Notes and the Loan Agreement and the consummation of the transactions contemplated by the Notes, the Loan Agreement and the Notes Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations required by law for the creation and existence of the Issuer, the issuance of the Notes and the design of the Project, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Kanawha County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered June 9, 1997, in Case No. 97-0456-PSD-PC, among other things, approving the issuance of the Notes has expired prior to the date hereof without any appeal.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Notes and the Notes Legislation, the design of the Project, the validity of the Notes or pledge of the funds set forth in the Notes Legislation.

Very truly yours,



GORDON BILLHEIMER, ESQUIRE

08/12/97
684050/97001

PAINT CREEK PUBLIC SERVICE DISTRICT

Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. MEETINGS, ETC.
8. LOAN AGREEMENT
9. SIGNATURES AND DELIVERY
10. NOTE PROCEEDS
11. SPECIMEN NOTE
12. CONFLICT OF INTEREST

We, the undersigned Chairperson and Secretary of Paint Creek Public Service District in Kanawha County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the \$145,000 principal amount of Paint Creek Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated the date hereof (the "Notes"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Notes Resolution of the Issuer duly adopted August 13, 1997, and the Supplemental Resolution duly adopted August 13, 1997 (collectively, the "Note Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Notes, the design of the Project, or in any way contesting or affecting the validity of the Notes, or any proceedings of the Issuer taken with respect to the issuance or sale of the Notes, the pledge or security provided for the payment of the Notes or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Notes, the design of the Project, the pledge or security provided for the payment of the Notes.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, licenses, orders, authorizations, registrations, exemptions, consents and certificates required by law for the creation and existence of the Issuer, the issuance of the

Notes and the design of the Project, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Kanawha County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, have been duly and timely obtained and remain in full force and effect. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered June 9, 1997, in Case No. 97-0456-PSD-PC, among other things, approving the issuance of the Notes has expired prior to the date hereof without any appeal.

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

There are no outstanding bonds or other obligations of the Issuer which will rank senior and prior to or on a parity with the Notes as to liens, pledge and source of and security for payment. The Notes shall be payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes; and (3) Surplus Revenues, if any. The Issuer has no obligations outstanding which are payable from any source from which the Notes are payable.

In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 10-year period, the payment of the Notes shall be deferred until the earlier of (i) the date of issuance of any revenue bonds, refunding bonds or other obligations of the Issuer or (ii) 20 years from the date of issuance of the Notes. In the event any revenue bonds, refunding bonds or other obligations of the Issuer are issued within 20 years from the date of issuance of the Notes, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event no revenue bonds, refunding bonds or other obligations of the Issuer are issued within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

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

Notes Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

County Commission Orders on Creation of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Notes Resolution and Supplemental Resolution

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Paint Creek Public Service District." The Issuer is a public service district duly created by The County Commission of Kanawha County and is presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board, consisting of 3 duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Lanny K. Toney	December 9, 1993	December 1, 1997
R. Bruce Karnes	December 9, 1993	December 1, 1999
Larry R. McMichen	August 14, 1997	December 1, 2001

The duly elected, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1997 are as follows:

Chairman	-	Larry R. McMichen
Secretary	-	Lanny K. Toney
Treasurer	-	R. Bruce Karnes

The duly appointed and acting Counsel to the Issuer is Gordon Billheimer, Esquire, of Montgomery, West Virginia.

7. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Notes and the design and financing of the Project were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

9. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairperson did officially sign all of the Notes of the aforesaid issue, consisting upon original issuance of a single Note, dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Notes and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Notes to a representative of the Authority as the original purchaser of the Notes under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

10. NOTE PROCEEDS: On the date hereof, the Issuer received \$67,250 from the Authority and the Council, being the initial advance of principal of the Notes. Additional advances of the balance of the principal amount of the Notes will be requested by the Issuer and made by the Authority and the Council as design of the Project progresses.

11. SPECIMEN NOTE: Delivered concurrently herewith is a true and accurate specimen of the Note.

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

WITNESS our signatures and the official seal of PAINT CREEK PUBLIC SERVICE DISTRICT on this 18th day of August, 1997.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Larry McMurder

Chairperson

Larry R. Vorey

Secretary

Jordan B. Weir

Counsel to Issuer

08/12/97
684050/97001

PAINT CREEK PUBLIC SERVICE DISTRICT

Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

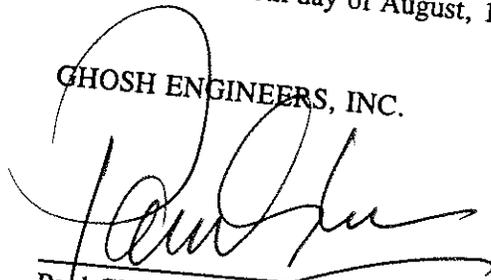
I, Paul Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, Inc., in Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the design of new public sewerage facilities (the "Project") of Paint Creek Public Service District (the "Issuer"), to be constructed primarily in Kanawha County, West Virginia, which design is being temporarily financed in part by the proceeds of the above-captioned notes (the "Notes") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meanings set forth in the Notes Resolution adopted by the Issuer on August 13, 1997, and the Supplemental Resolution adopted by the Issuer on August 13, 1997, and the Loan Agreement dated August 18, 1997 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").
2. The Notes are being issued for the purposes of (i) temporarily financing a portion of the costs of design of the Project; and (ii) paying costs of issuance and related costs.
3. The undersigned hereby certifies that (i) the Project will be designed by my firm as described in the application submitted to the Authority and the Council, requesting the Authority to purchase the Notes (the "Application"), (ii) the Project will be adequate for the purpose for which it will be designed and when constructed, will have an estimated useful life of at least forty years, (iii) prior to construction, the undersigned will assist the Issuer in obtaining all permits required by the laws of the State of West Virginia and the United States necessary for the design of the Project and the operation of the System, (iv) the net proceeds of the Notes, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of design of the Project, other than the amount deferred by the Consulting Engineer, as set forth in the Application, and (v) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 18th day of August, 1997.



GHOSH ENGINEERS, INC.



Paul Ghosh, P.E.

West Virginia License No. 7806

08/13/97
684050/97001

EXHIBIT A

SCHEDULE B

NAME OF GOVERNMENT AGENCY:

Paint Creek Public Service District

PROJECT DESCRIPTION:

Pre-Construction Engineering Design

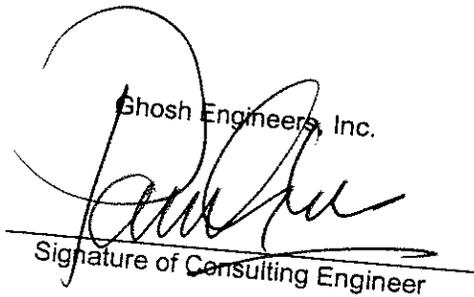
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

		<u>Total</u>
A. Cost of Project		
1.	Construction (Based on Actual Bids)	0
2.	Technical Services	308,000
3.	Legal and Fiscal	0
4.	Administrative, Tap Fees & Arch. Study	0
5.	Sites and Other Lands	0
6.	Fac. Plan/Design or Other Loan	0
7.	Repayment - (Principal & Interest)	0
8.	Interim Financing Costs	0
9.	Contingency	0
	Total of Lines 1 through 8	<u>0</u> 308,000
B. Sources of Funds		
10.	Federal Grants:	
	EPA Planning Advance	39,000
	EPA Design Advance	0
11.	State Grants:	
	Small Cities Block Grant	0
	IJDC Grant	0
12.	Other Grants	0
13.	Any Other Source:	0
	Deferred by Engineer	0
14.	Total of Lines through 13	<u>126,000</u>
15.	Net Proceeds Required From IJDC Bond Issue (Line 9 minus Line 14)	<u>165,000</u> 143,000
C. Cost of Financing		
16.	Capitalized Interest	0
17.	Funded Reserve Account	0
18.	Other Costs	0
	Bond Council	2,000
19.	Total Cost of Financing (Lines 16 through 18)	<u>2,000</u>
20.	Size of IJDC Bond Issue (Line 15 plus Line 19)	<u>2,000</u> 145,000

Paint Creek Public Service District

Ghosh Engineers, Inc.


Signature of Applicant


Signature of Consulting Engineer

Date: August 18, 1997

Date: August 18, 1997



AT A REGULAR SESSION OF THE COUNTY COURT OF KANAWHA COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON FRIDAY, THE 12TH DAY OF DECEMBER, A. D., 1969.

PRESENT: HONORABLE E. S. THOMPSON, PRESIDENT, AND HENRY C. SHORES, GENTLEMEN COMMISSIONERS OF THE COUNTY.

A RESOLUTION and ORDER creating
Paint Creek Public Service District
in Kanawha County, West Virginia.

WHEREAS, the County Court of Kanawha County, West Virginia, did heretofore, by a resolution and order adopted on the 14th day of November, 1969, fix a date for a public hearing on the creation of the proposed Paint Creek Public Service District, and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed Public Service District might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said District; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed Public Service District and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said District;

NO!, THEREFORE, Be it, and it is hereby resolved and ordered by the County Court of Kanawha County, West Virginia as follows:

Section 1. That said Paint Creek Public Service District within Kanawha County, West Virginia, is hereby created, and said District shall have the following boundaries:

BEGINNING at a point approximately 4,600 feet South of West Virginia Route 61 and approximately 1,600 feet East of Paint Creek, having a latitude of North $38^{\circ} 11' 39''$ and longitude West $81^{\circ} 23' 20''$,

THENCE, South 3,000 feet, THENCE, West 1,500 feet, THENCE, South 18,000 feet, THENCE, East 300 feet, THENCE, South 1,700 feet to West Virginia Turnpike, THENCE N $60^{\circ} 00' W$. 2,500 feet, THENCE, North 20,120 feet to a point having a latitude of North $38^{\circ} 11' 39''$ and longitude West $81^{\circ} 24' 32''$, THENCE, East 5,080 feet to place of BEGINNING.

The above described boundary includes an area of 3.38 square miles in the Cabin Creek Magisterial District of Kanawha County, as shown upon map prepared by J. H. MILAM, INC., 1214 Myers Avenue, Dunbar, West Virginia, dated July 7, 1969, all of which is in Cabin Creek Magisterial District of Kanawha County, West Virginia.

Section 2. That said Public Service District so created shall have the name and corporate title of Paint Creek Public Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13-a of Chapter 16 of the Code of West Virginia.

Section 3. That the County Court of Kanawha County, West Virginia, has determined that the territory within Kanawha County, West Virginia, having the hereinabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water services within such territory by said Public Service District will be conducive to the preservation of public health, comfort and convenience of such area.

Adopted by the County Court of Kanawha County, West Virginia on this 12th day of December, 19 69.

[Signature]
President

[Signature]
Commissioner

Commissioner

Attest:
[Signature]
Deputy Clerk

A true copy from the record.
JACK L. PAULEY, CLERK
By: [Signature]
Deputy



copy to: Amy
Planning
Ctk

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 14th day of August, 1997, the following order was made and entered:
SUBJECT: REAPPOINTMENT OF LARRY R. McMICHEN TO THE PAINT CREEK PUBLIC SERVICE DISTRICT

The following motion was offered by Louis H. Bloom
Commissioner

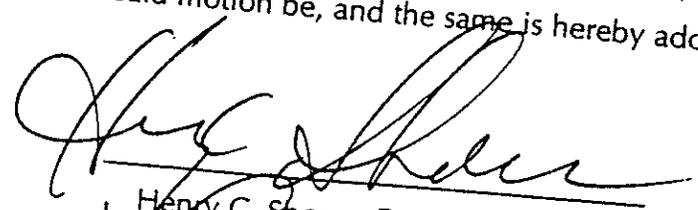
The County Commission of Kanawha County, West Virginia, having been apprised of the expiration of the term of Larry R. McMichen, a member of the Paint Creek Public Service District, doth ORDER that Larry R. McMichen, Post Office Box 329, Gallagher, West Virginia 25083, be reappointed to the Paint Creek Public Service District for a term expiring on the 1st day of December, 2001.

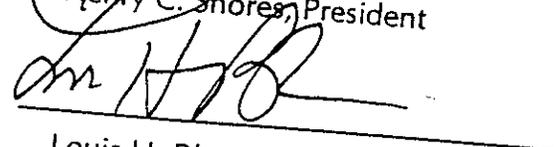
It is further ORDERED that the said Larry R. McMichen shall appear at the office of the County Commission and shall qualify by taking the oath of office as required by Chapter 16, Article 13A, Section 3 of the Code of West Virginia, 1991, as amended.

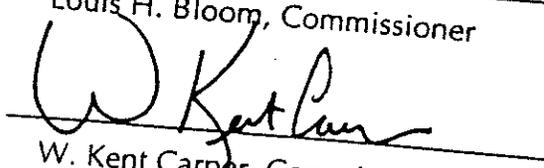
The adoption of the foregoing motion having been moved by Louis H. Bloom, Commissioner, and duly seconded by W. Kent Carper, Commissioner, the vote thereon was as follows:

Henry C. Shores, President	<u>Aye</u>
Louis H. Bloom, Commissioner	<u>Aye</u>
W. Kent Carper, Commissioner	<u>Aye</u>

WHEREUPON, Henry C. Shores, President declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.


Henry C. Shores, President


Louis H. Bloom, Commissioner


W. Kent Carper, Commissioner

Approved By: 
County Attorney

LIBER 206 230

66911

204-22-0402

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, TO WIT:

I, R. Bruce Karnes

having been duly appointed to

the office of Paint Creek Public Service District

do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.

Subscribed and sworn to before the undersigned, Commissioner of said county, this 9 day of Dec, 1993.

William Beers
County Commissioner

00912

OFFICER'S OATH

LIBER 208 231

THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, TO WIT:

I, Lanny K. Toney having been duly appointed to
the office of Paint Creek Public Service District

do solemnly swear that I will support the Constitution of the United States and the Constitution of this State,
and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the
best of my skill and judgment, so help me, God.

Lanny K. Toney

Subscribed and sworn to before the undersigned, Commissioner of said county, this 9 day
of Dec, 1983.

William B. Pease
County Commissioner

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, TO WIT:

I, Larry R. McMichen

, having been duly reappointed to

the office of Paint Creek Public Service District

do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.

Larry McMichen

Subscribed and sworn to before the undersigned, Commissioner of said county, this 14th day of August, 19 97.

[Signature]
County Commissioner

1

1

RULES OF PROCEDURE
PAINT CREEK PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: PAINT CREEK PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at P.O. Box 336, Gallagher, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Paint Creek Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

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 Kanawha County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

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 or other entity provided under the Act 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 or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act 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 _____ 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 day. 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, 2 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. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly 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, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Kanawha County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board 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 doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Kanawha County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 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 doors of the Courthouse and the meeting place 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:

PAIN CREEK PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Paint Creek Public Service District will meet in special session on _____, at _____ .m., prevailing time, 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 the District, in the principal amount of \$ _____, to provide funds for construction 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 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 Rules of Procedure, 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.

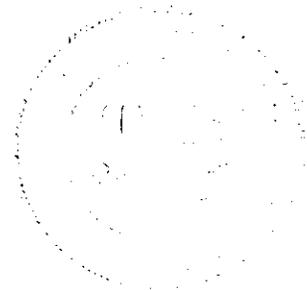
ADOPTED, this 7th day of August, 1997.

Larry McMullen
Chairman

Larry R. Torrey
Member

R Bruce Karnus
Member

08/04/97
684050/97001





PAINT CREEK PUBLIC SERVICE DISTRICT

Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING

I, Lanny K. Toney, SECRETARY of the Public Service Board of Paint Creek Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

The Public Service Board of Paint Creek Public Service District met in regular session, pursuant to notice duly posted, on the 9th day of January, 1997, in Holly Grove, West Virginia, at the hour of 7:00 p.m.

PRESENT: Lanny K. Toney - Member
Larry R. McMichen - Member
R. Bruce Karnes - Member

ABSENT: None.

The Board announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, on motion duly made and seconded, the following people were nominated and elected to the following offices for 1997:

Chairman - Larry R. McMichen
Secretary - Lanny K. Toney
Treasurer - R. Bruce Karnes

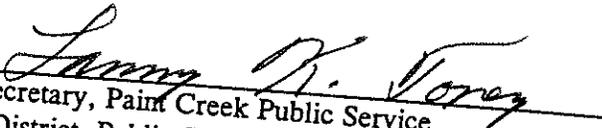
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.


Chairman

CERTIFICATION

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

WITNESS my signature on this 18th day of August, 1997.


Secretary, Paint Creek Public Service
District, Public Service Board

08/12/97
684050/97001



PAINT CREEK PUBLIC SERVICE DISTRICT

Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF NOTES
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, Lanny K. Toney, SECRETARY of the Public Service Board of Paint Creek Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Paint Creek Public Service District met in special session, pursuant to notice duly given, on the 13th day of August, 1997, at 700 Virginia Street, East, Charleston, West Virginia, at the hour of 7:00 p.m.

PRESENT: Larry R. McMichen - Chairman
 Lanny K. Toney - Secretary
 R. Bruce Karnes - Treasurer

ABSENT: None.

Larry R. McMichen, Chairperson, presided, and Lanny K. Toney acted as Secretary.

The Chairperson announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairperson presented an oral motion to approve the hiring of Steptoe & Johnson as bond counsel for the Sewerage System Design Notes, Series 1997, and the Sewer Revenue Bonds anticipated to be issued in 1998. On motion duly made and seconded, it was unanimously ordered that Steptoe & Johnson be retained as bond counsel for the Sewerage System Design Notes, Series 1997, and the Sewer Revenue Bonds anticipated to be issued in 1998, and that the Chairman be authorized to execute the engagement letter between Steptoe & Johnson and the District.

Thereupon, the Chairperson presented a proposed Notes Resolution in writing entitled:

RESOLUTION AUTHORIZING THE DESIGN OF NEW PUBLIC SEWERAGE FACILITIES OF PAINT CREEK PUBLIC SERVICE DISTRICT AND THE RETAINING OF ENGINEERING SERVICES FOR SUCH DESIGN AND THE TEMPORARY FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$145,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH NOTES; APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Notes Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, REDEMPTION PROVISION AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND), OF PAINT CREEK PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES AND THE SALE AND DELIVERY OF SUCH NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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


Chairperson


Secretary

CERTIFICATION

I hereby certify that the foregoing action of Paint Creek Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 18th day of August, 1997.


Secretary

08/12/97
684050/97001

PAINT CREEK PUBLIC SERVICE DISTRICT

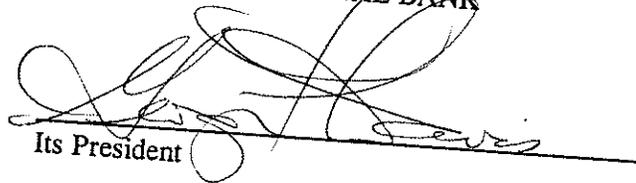
Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

Merchants National Bank, a state banking corporation in Montgomery, West Virginia, hereby accepts appointment as Depository Bank in connection with a Notes Resolution of Paint Creek Public Service District (the "Issuer") adopted on August 13, 1997, and a Supplemental Resolution of the Issuer adopted on August 13, 1997 (collectively, the "Note Legislation"), authorizing issuance of the Issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated August 18, 1997, in the principal amount of \$145,000 (the "Notes"), and agrees to perform all duties of Depository Bank in connection with the Notes, all as set forth in the Note Legislation.

WITNESS my signature on this 18th day of August, 1997.

MERCHANTS NATIONAL BANK


Its President

08/13/97
684050/97001



PAINT CREEK PUBLIC SERVICE DISTRICT

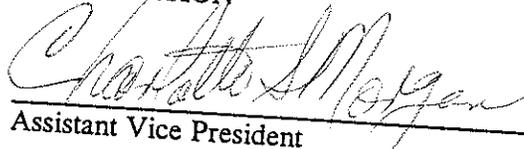
Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Paint Creek Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated August 18, 1997, in the principal amount of \$145,000 (the "Notes"), and agrees to perform all duties of Registrar in connection with the Notes, all as set forth in the Note Legislation authorizing issuance of the Notes.

WITNESS my signature on this 18th day of August, 1997.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

08/05/97
684050/97001



Vertical text or markings on the right edge of the page, possibly a page number or a small label.

Vertical text or markings on the right edge of the page, possibly a page number or a small label.

PAINT CREEK PUBLIC SERVICE DISTRICT

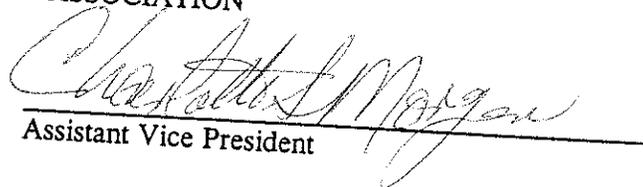
Sewerage System Design Notes, Series 1997
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF NOTES

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Note Legislation and Registrar's Agreement providing for the above-captioned note issue of Paint Creek Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered, Paint Creek Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), of the Issuer, dated August 18, 1997, in the principal amount of \$145,000, numbered R-1, was registered as to principal in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 18th day of August, 1997.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

08/05/97
684050/97001



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of August, 1997, by and between PAINT CREEK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$145,000 principal amount of Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), in fully registered form (the "Notes"), pursuant to a Note Resolution of the Issuer adopted on August 13, 1997, and a Supplemental Resolution of the Issuer adopted on August 13, 1997 (collectively, the "Note Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Note Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Note Legislation provides for an appointment by the Issuer of a Registrar for the Notes; and

WHEREAS, the Issuer desires to appoint, and by the Note Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Note Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Notes, all as set forth in the Note Legislation, such duties including, among other things, the duties to authenticate, register and deliver Notes upon original issuance and when properly presented for exchange or transfer.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Note Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Note Legislation, the terms of the Note Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Note Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

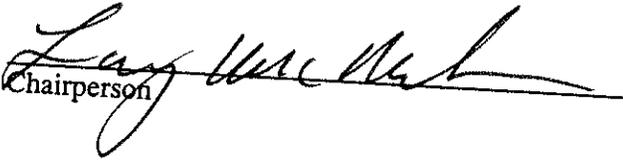
ISSUER: Paint Creek Public Service District
Post Office Box 336
Gallagher, West Virginia 25083
Attention: Chairperson

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

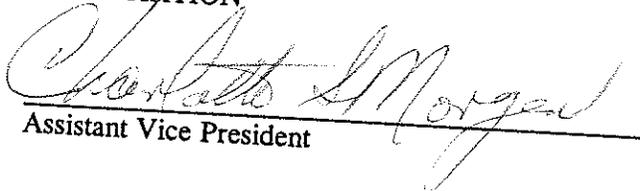
8. The Registrar is hereby requested and authorized to authenticate and deliver the Notes in accordance with the Note Legislation.

IN WITNESS WHEREOF, PAINT CREEK PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

PAINT CREEK PUBLIC SERVICE DISTRICT


Chairperson

ONE VALLEY BANK, NATIONAL ASSOCIATION


Assistant Vice President

08/12/97
684050/97001

EXHIBIT A

Included in transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

U

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: August 18, 1997

(See Reverse for Instructions)

PCP-5-1-97-X-KA-06

ISSUE: Paint Creek Public Service District Sewerage System Design Note, Series 1997 (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 336, Gallagher, West Virginia 25083 COUNTY: Kanawha

PURPOSE: New Money Refunding

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: August 18, 1997 CLOSING DATE: August 18, 1997

ISSUE AMOUNT: \$ 145,000 RATE: 0% ADMINISTRATIVE FEE: 3% at maturity

1st DEBT SERVICE DUE: 8/18/2000 FDS LBS 1st PRINCIPAL DUE: 8/18/2000

1st DEBT SERVICE AMOUNT: 149,340 PAYING AGENT: Municipal Bond Commission-UNB

ISSUERS

BOND COUNSEL: Steptoe & Johnson UNDERWRITERS BOND COUNSEL: Jackson & Kelly

Contact Person: Vincent A. Collins, Esq. Contact Person: Sammie L. Gee, Esq.

Phone: 624-8161 Phone: 340-1318

CLOSING BANK: Merchants National Bank ESCROW TRUSTEE:

Contact Person: Judy Shawkey Contact Person: _____

Phone: 442-2475 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER:

Contact Person: Lanny Toney Contact Person: _____

Position: Secretary Function: _____

Phone: 351-7741 FAX: _____ Phone: _____

DEPOSITS TO MBC AT CLOSE:

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

REFUNDS & TRANSFERS BY MBC AT CLOSE:

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

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

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

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

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

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

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

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

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SEVENTH FLOOR, BANK ONE CENTER

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

SIXTH FLOOR, BANK ONE CENTER
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0370
(301) 739-8600
FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
14TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101
P. O. BOX 628
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

August 28, 1997

(304)353-8196

Paint Creek Public Service District
Sewerage System Design Notes, Series 1997

TO ALL ON ATTACHED DISTRIBUTION LIST

Ladies and Gentlemen:

Enclosed with each letter is your respective copy of the transcript of documentation for the above-captioned note issue. Please briefly review this transcript before filing it away and call me if you have any questions.

Thank you for your help and cooperation in successfully concluding this financing. If you have any questions regarding this financing, or if I can be of any other service, please do not hesitate to call.

Very truly yours,


John C. Stump

JCS/smk

Enclosure

684050/97001

212931.1

DISTRIBUTION LIST FOR PAINT CREEK PUBLIC SERVICE DISTRICT

Larry McMichen, Chairman (Under Separate Cover)
Paint Creek Public Service District
P.O. Box 336
Gallagher, WV 25083

Susan J. Riggs, Esquire
Executive Secretary
West Virginia Infrastructure and
Jobs Development
Council
1320 One Valley Square
Charleston, West Virginia 25301

Mr. Daniel B. Yonkosky
Director
Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064-3017

Samme L. Gee, Esquire
Jackson & Kelly
1600 Laidley Tower
Charleston, West Virginia 25301

Gordon Billheimer, Esquire
Billheimer & Keener
311 Washington Street
Montgomery, WV 25136

Paul Ghosh, P.E.
President
Ghosh Engineers, Inc.
12th Floor, Union Building
Charleston, West Virginia 25301

Mr. R. Witter Hallan
West Virginia Municipal Bond Commission
812 Quarrier Street, Suite 300
Charleston, West Virginia 25301

08/28/97
684050/97001

