CITY OF CHARLES TOWN
(WEST VIRGINIA)

Combined Waterworks and Sewerage System
Revenue Bonds, Series 2002 C (Insured)

and

Combined Waterworks and Sewerage System
Revenue Bonds, Series 2003 A (AMT-Uninsured)

DATE OF CLOSING:

Series 2002 C Bonds: December 20, 2002
Series 2003 A Bonds: January 15, 2003

BOND TRANSCRIPT

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CITY OF CHARLES TOWN
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2002 C (INSURED)
and
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2003 A (AMT-UNINSURED)

DATE OF CLOSING

Series 2002 C Bonds:	**December 20, 2002**
Series 2003 A Bonds:	**January 15, 2003**

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CITY OF CHARLES TOWN, WEST VIRGINIA

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT)

BOND ORDINANCE

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CITY OF CHARLES TOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENTS, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, the City of Charles Town (the "Issuer" or the "City") presently owns and operates, through the City of Charles Town Utility Board (the "Board"), a combined municipal waterworks and sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered

to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the System, which includes the acquisition of certain existing waterworks and sewerage systems, or portions thereof, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisitiong25 and construction of extensions, additions, betterments and improvements to the waterworks and sewerage portions of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (the "Series 2002 C Bonds") and its Combined Waterworks and Sewerage System Revenue Bonds, Seris 2003 A (AMT) (the "Series 2003 A Bonds" and collectively with the Series 2002 C Bonds herein called the "Bonds"), such Series 2002 C Bonds and Series 2003 A Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2002 C Bonds and Series 2003 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, or bond purchase agreements (collectively, the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF CHARLES TOWN HEREBY ORDAINS:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2002 C Bonds and the Series 2003 A Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"Board" shall mean the City of Charles Town Utility Board, created by an ordinance of the Issuer, or any successor thereto.

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

"Bond Counsel" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2002 C Bonds and the Series 2003 A Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Series 2002 C Bonds and the Series 2003 A Bonds.

"Bond Year" means with respect to each series of Series 2002 C Bonds, and Series 2003 A Bonds, the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2002 C Bonds, the Series 2003 A Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2002 C Bonds and the Series 2003 A Bonds, in substantially the form set forth in EXHIBIT A - SERIES 2002 C BOND FORM and EXHIBIT B - SERIES 2003 A BOND FORM hereto.

"City" or "Issuer" means the City of Charles Town, a municipal corporation and political subdivision of the State of West Virginia, in Jefferson County thereof, and, where appropriate, the Council, the Board and any successor thereto.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Connection Fees" means the fees, if any, paid by customers of the System in order to connect thereto.

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs set forth in Section 1.02C.

"Council" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2002 C Bonds and the Series 2003 A Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in Section 7.01.

"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.

"Government Obligations" shall have the meaning set forth in the Supplemental Resolution.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"Independent Accountant" means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy or policies, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2002 C Bonds and/or the Series 2003 A Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2002 C Bonds and the Series 2003 A Bonds, respectively, in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2002 C Bonds or the Series 2003 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2002 C Bonds Reserve Account or Series 2003 A Bonds Reserve Account, as applicable. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 C Bonds or the Series 2003 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2002 C Bonds or the Series 2003 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2002 C Bonds or the Series 2003 A Bonds.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance 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 of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, 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.

"Ordinance" or "Bond Ordinance" regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2002 C Bonds and the Series 2003 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding," when used with reference to the Series 2002 C Bonds, the Series 2003 A Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2002 C Bonds and the Series 2003 A Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1988 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds, as more fully defined in Section 1.03B hereof.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted November 16, 1987, the ordinance of the Issuer enacted April 18, 1988, the ordinance of the Issuer enacted May 16, 1988, the ordinance of the Issuer enacted April 3, 1989, the ordinance of the Issuer enacted March 16, 1998, the ordinance of the Issuer enacted June 19, 2000 and the ordinance of the Issuer enacted August 19, 2002, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the acquisition of the waterworks and sewerage system of Tuscawilla Utilities, Inc., serving Tuscawilla Hills and Locust Hills, and the acquisition of certain additions and improvements to the waterworks system located near Old U.S. Route 340 in the southern portion of the corporate limits of the Issuer, including approximately one mile of water main and a water storage tank, and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 2002 C Bonds and the Series 2003 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2002 C Bonds and the Series 2003 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2002 C Bonds or the Series 2003 A Bonds are privately placed, the price paid by the first buyer of the Series 2002 C Bonds and the Series 2003 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2002 C Bonds or the Series 2003 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2002 C Bonds or the Series 2003 A Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2002 C Bonds and the Series 2003 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recording Officer," "Recorder" or "Clerk" means the City Clerk of the Issuer.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2002 C Bonds and the Series 2003 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2002 C Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2002 C Bonds Acquisition and Construction Fund" means the Series 2002 C Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"Series 2002 C Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2002 C Bonds Redemption Account" means the Redemption Account created in the Series 2002 C Bonds Sinking Fund by Section 4.02 hereof.

"Series 2002 C Bonds Reserve Account" means the Series 2002 C Bonds Reserve Account created in the Series 2002 C Bonds Sinking Fund by Section 4.02 hereof.

"Series 2002 C Bonds Sinking Fund" means the Series 2002 C Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2002 C Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2002 C Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2002 C Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2002 C Bonds.

"Series 2003 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2003 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2003 A Bonds Redemption Account" means the Redemption Account created in the Series 2003 A Bonds Sinking Fund by Section 4.02 hereof.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account created in the Series 2003 A Bonds Sinking Fund by Section 4.02 hereof.

"Series 2003 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2003 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2003 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2003 A Bonds.

"Series 2003 A Bonds Sinking Fund" means the Series 2003 A Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2003 A Bonds Acquisition and Construction Fund" means the Series 2003 A Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2002 C Bonds and Series 2003 A Bonds and authorizing the sale of the Series 2002 C Bonds and Series 2003 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means the complete existing combined municipal waterworks and sewerage system of the Issuer, consisting of a water treatment and distribution system, including a water filtration and treatment plant, reservoirs, water tanks, distribution lines and booster stations, and a sewage treatment and collection system, including a sewage treatment plant, collection and transportation lines and lift stations, now owned by the Issuer or any integral part thereof, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to the waterworks and sewage systems, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks or sewage systems from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

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

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

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

Section 1.02. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia in Jefferson County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the System, consisting of the Project, as defined in Section 1.01, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the City Clerk of the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, in the total aggregate principal amount of not more than $7,000,000 in two series, being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C in the aggregate principal amount of not more than $6,000,000, and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT), in the aggregate principal amount of not more than $1,000,000, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2002 C Bonds and Series 2003 A Bonds prior to and during acquisition or construction and for a period not exceeding

6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2002 C Bonds Reserve Account and the Series 2003 A Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 C Bonds and the Series 2003 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2002 C Bonds and the Series 2003 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 30 years.

E. It is in the best interests of the Issuer that the Series 2002 C Bonds and the Series 2003 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement or bond purchase agreements to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 C Bonds and the Series 2003 A Bonds as to liens, pledge, source of and security for payment, as follows:

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds"); and

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances."

The Series 2002 C Bonds and the Series 2003 A Bonds shall be issued on a parity with one another and with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

Prior to the issuance of the Series 2002 C Bonds and the Series 2003 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds (other than the Series 1998 Refunding Bonds) to the issuance of the Series 2002 C Bonds and the Series 2003 A Bonds on a parity with such Bonds.

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

G. The Issuer intends to issue the Series 2002 C Bonds and the Series 2003 A Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2002 C Bonds, the Series 2003 A Bonds and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2002 C Bonds, the Series 2003 A Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2002 C Bonds, and secure the Series 2002 C Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2002 C Bonds Reserve Account, unexpended proceeds of the Series 2002 C Bonds and as further set forth herein.

J. The Series 2002 C Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2002 C BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2003 A Bonds, and secure the Series 2003 A Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2003 A Bonds Reserve Account, unexpended proceeds of the Series 2003 A Bonds and as further set forth herein.

L. The Series 2003 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT B - SERIES 2003 A BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

M. All things necessary to make the Series 2003 A Bonds and the Series 2003 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2002 C Bonds and the Series 2003 A Bonds, will be timely done and duly performed.

N. The enactment of this Ordinance, the execution and issuance of the Series 2002 C Bonds and the Series 2003 A Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

O. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2002 C Bonds and the Series 2003 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2002 C Bonds and the Series 2003 A Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2002 C Bonds and the Series 2003 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $7,000,000. The proceeds of the Series 2002 C Bonds and the Series 2003 A Bonds hereby authorized shall be applied as provided herein.

ARTICLE III

THE SERIES 2002 C BONDS AND THE SERIES 2003 A BONDS

Section 3.01. Form and Payment of Bonds. A. No Series 2002 C Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2002 C Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2002 C Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2002 C Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2002 C Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2002 C Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2002 C Bonds shall be in default, Bonds issued in exchange for Series 2002 C Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2002 C Bonds surrendered.

The principal of and the premium, if any, on the Series 2002 C Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2002 C Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2002 C Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2002 C Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2002 C Bond in the principal amount of said 2002 C Bond then Outstanding.

B. No Series 2003 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2003 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2003 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2003 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2003 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment

date or, if no interest on such Series 2003 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2003 A Bonds shall be in default, Bonds issued in exchange for Series 2003 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2003 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2003 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2003 A Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2003 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2003 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2003 A Bond in the principal amount of said 2003 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2002 C Bonds and the Series 2003 A Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their respective manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2002 C Bonds and the Series 2003 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2002 C Bonds or Series 2003 A Bonds may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. A. No Series 2002 C Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2002 C Bond, substantially in the form set forth in EXHIBIT A - SERIES 2002 C BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2002 C Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2002 C Bond

shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2002 C Bond 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 Series 2002 C Bonds issued hereunder.

B. No Series 2003 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2003 A Bond, substantially in the form set forth in EXHIBIT B - SERIES 2003 A BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2003 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2003 A Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2003 A Bond 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 Series 2003 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. A. Subject to the requirements for transfer set forth below, the Series 2002 C Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2002 C Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2002 C Bonds. The Series 2002 C Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2002 C Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2002 C Bonds may at the

option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2002 C Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2002 C Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2002 C Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2002 C Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2002 C Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2002 C Bonds that have been called for redemption.

B. Subject to the requirements for transfer set forth below, the Series 2003 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2003 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2003 A Bonds. The Series 2003 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2003 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2003 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2003 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2003 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2003 A Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2003 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2003 A Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2003 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2002 C Bond or Series 2003 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2002 C Bonds and Series 2003 A Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. A. In the event Term Bonds are issued as part of the Series 2002 C Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2002 C Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2002 C Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2002 C Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2002 C Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2002 C Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

B. In the event Term Bonds are issued as part of the Series 2003 A Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2003 A Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2003 A Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2003 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2003 A Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2003 A Bonds Redemption Account payment designated to be made in accordance with paragraph (B)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2002 C Bonds or Series 2003 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Series 2002 C Bond or Bonds or Series 2003 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2002 C Bonds and the Series 2003 A Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be sent to registered securities depositories, nationally recognized municipal securities information repositories and to *Standard & Poor's Called Bond Record*.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

If funds sufficient to redeem all Series 2002 C Bonds or Series 2003 A Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2002 C Bonds and Series 2003 A Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2002 C Bonds, the Series 2003 A Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2002 C Bonds or Series 2003 A Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2002 C Bonds and Series 2003 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2002 C Bonds or Series 2003 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2002 C Bonds. For the purposes of paying costs of acquisition and construction of improvements and betterments to the System, capitalizing interest on the Series 2002 C Bonds, partially funding the Series 2002 C Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2002 C Bonds of the Issuer, in an aggregate principal amount of not more than $6,000,000. Said Series 2002 C Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C," or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2002 C Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2002 C Bonds shall be numbered from CR-1 consecutively upward. The Series 2002 C Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $6,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Series 2003 A Bonds. For the purposes of paying costs of acquisition and construction of improvements and betterments to the System, capitalizing interest on the Series 2003 A Bonds, funding the Series 2003 A Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2003 A Bonds of the Issuer, in an aggregate principal amount of not more than $1,000,000. Said Series 2003 A Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT)," or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2003 A Bonds

maturing in the period of maturity for which the denomination is to be specified. The Series 2003 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2003 A Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $1,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.12. Book Entry System for Series 2002 C Bonds and Series 2003 A Bonds.

A. The Series 2002 C Bonds and Series 2003 A Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2002 C Bonds and Series 2003 A Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2002 C Bonds and Series 2003 A Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2002 C Bonds and Series 2003 A Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2002 C Bonds or the Series 2003 A Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2002 C Bond or any other evidence of ownership of the Series 2002 C Bonds, or a Series 2003 A Bond or any other evidence of ownership of the Series 2003 A Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2002 C Bonds or the Series 2003 A Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2002 C Bonds and the Series 2003 A Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2002 C Bonds or the Series 2003 A Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2002 C Bonds and Series 2003 A Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest

on the Series 2002 C Bonds and the Series 2003 A Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2002 C Bonds or the Series 2003 A Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2002 C Bonds or the Series 2003 A Bonds so redeemed, but DTC may retain such Series 2002 C Bonds and Series 2003 A Bonds and make an appropriate notation on the Series 2002 C Bonds and Series 2003 A Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2002 C Bonds and the Series 2003 A Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2002 C Bonds and the Series 2003 A Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2002 C Bonds and the Series 2003 A Bonds, selecting the Series 2002 C Bonds and the Series 2003 A Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2002 C Bonds and the Series 2003 A Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2002 C Bonds or the Series 2003 A Series under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2002 C Bonds or the Series 2003 A Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2002 C Bonds or the Series 2003 A Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2002 C Bonds, or the Series 2003 A Bonds or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2002 C Bonds and the Series 2003 A Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2002 C Bonds or the Series 2003 A Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2002 C Bonds or the Series 2003 A Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2002 C Bonds and the Series 2003 A Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the

Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002 C Bonds and the Series 2003 A Bonds.

Section 3.13. Delivery of Series 2002 C Bonds and the Series 2003 A Bonds.

A. The Issuer shall execute and deliver the Series 2002 C Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2002 C Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2002 C Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 C Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2002 C Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

B. The Issuer shall execute and deliver the Series 2003 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2003 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2003 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2003 A Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2003 A Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

Section 3.14. Form of Series 2002 C Bonds and Series 2003 A Bonds. A. The definitive Series 2002 C Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2002 C BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2002 C Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2002 C Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

B. The definitive Series 2003 A Bonds shall be in substantially the form set 17 forth in EXHIBIT B - SERIES 2003 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2003 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2003 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.15. Disposition of Proceeds of Series 2002 C Bonds and Series 2003 A Bonds. A. Upon the issuance and delivery of the Series 2002 C Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2002 C Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2002 C Bonds Sinking Fund and applied to payment of interest on the Series 2002 C Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2002 C Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2002 C Bonds Reserve Account, provided that, to the extent the Series 2002 C Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2002 C Bonds shall be deposited in the Series 2002 C Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2002 C Bonds Reserve Requirement.

3. The amount of Series 2002 C Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series

2002 C Bonds shall be deposited with the Depository Bank in the Series 2002 C Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2002 C Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2002 C Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2002 C Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2002 C Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2002 C Bonds from which such proceeds are derived.

4. The balance of Series 2002 C Bonds proceeds, if any, shall be deposited in the Series 2002 C Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.16(A) hereof.

B. Upon the issuance and delivery of the Series 2003 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2003 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2003 A Bonds Sinking Fund and applied to payment of interest on the Series 2003 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2003 A Bonds equal to the Series 2003 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2003 A Bonds Reserve Account, provided that, to the extent the Series 2003 A Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2003 A Bonds shall be deposited in the Series 2003 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2003 A Bonds Reserve Requirement.

3. The amount of Series 2003 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2003 A Bonds shall be deposited with the Depository Bank in the Series 2003 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2003 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2003 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2003 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2003 A Bonds. All such proceeds shall constitute a trust fund for such

purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2003 A Bonds from which such proceeds are derived.

4. The balance of Series 2003 A Bonds proceeds, if any, shall be deposited in the Series 2003 A Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.16(B) hereof.

Section 3.16. Disbursements from the Acquisition and Construction Funds.

A. Disbursements from the Series 2002 C Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2002 C Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2002 C Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

B. Disbursements from the Series 2003 A Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2003 A Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2003 A Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2002 C Bonds Costs of Issuance Fund;

(4) Series 2002 C Bonds Acquisition and Construction Fund;

(5) Series 2003 A Bonds Costs of Issuance Fund:

(6) Series 2003 A Bonds Acquisition and Construction Fund; and

(7) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special fund and accounts are hereby established with and shall be held by the Bond Commission:

(1) Series 2002 C Bonds Sinking Fund;

(a) Within the Series 2002 C Bonds Sinking Fund:

(i) Series 2002 C Bonds Reserve Account; and

(ii) Series 2002 C Bonds Redemption Account;

(2) Series 2003 A Bonds Sinking Fund; and

(a) Within the Series 2003 A Bonds Sinking Fund;

(i) Series 2003 A Bonds Reserve Account; and

(ii) Series 2003 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2002 C Bonds or the Series 2003 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the Prior Bonds; (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2002 C Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2002 C Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2002 C Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2002 C Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2002 C Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2002 C Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2002 C Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2002 C Bonds Sinking Fund; and (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2003 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2003 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2003 A Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2003 A Bonds

Sinking Fund shall be reduced by the amount of accrued interest on the Series 2003 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2003 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2003 A Bonds Sinking Fund

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) for deposit in the Series 2002 C Bonds Sinking Fund (and in the Series 2002 C Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2002 C Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2002 C Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2002 C Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2002 C Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2002 C Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2002 C Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph; and (iii) for deposit in the Series 2003 A Bonds Sinking Fund (and in the Series 2003 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2003 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2003 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2003 A Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2003 A Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such

deposits shall be reduced by the amount of any earnings credited to the Series 2003 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission .(i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; (ii) commencing 13 months prior to the first date of payment of principal of the Series 2002 C Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2002 C Bonds, for deposit in the Series 2002 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 C Bonds Reserve Requirement; provided further, that if the amounts in the Series 2002 C Bonds Reserve Account, as a result of a decrease in value of the Series 2002 C Bonds Reserve Account below the Series 2002 C Reserve Account Requirement or any withdrawal from the Series 2002 C Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2002 C Bonds Reserve Act, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2002 C Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2002 C Bonds Reserve Account is less than the Series 2002 C Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2002 C Bonds Reserve Account for deposit into the Series 2002 C Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2002 C Bonds Reserve Account to an amount equal to the Series 2002 C Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2002 C Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2002 C Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2002 C Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2002 C Reserve Account Requirement; and (iii) such monies, to the extent provided below, for deposit into the Series 2003 A Bonds Reserve Account, as a result of a decrease in value of the Series 2003 A Bonds Reserve Account below the Series 2003 A Reserve Account Requirement or any withdrawal from the Series 2003 A Bonds Reserve Account, beginning with the first full calendar month following the

date on which (i) the valuation of investments in the Series 2003 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2003 A Bonds Reserve Account is less than the Series 2003 A Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2003 A Bonds Reserve Account for deposit into the Series 2003 A Bonds Sinking Fund. Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2003 A Bonds Reserve Account to an amount equal to the Series 2003 A Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2003 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2003 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2003 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2003 A Reserve Account Requirement.

Amounts in the Series 2002 C Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2002 C Bonds when due, when amounts in the Series 2002 C Bonds Sinking Fund are insufficient therefor and for no other purpose.

Amounts in the Series 2003 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2003 A Bonds when due, when amounts in the Series 2003 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) Thereafter from the monies remaining in the Revenue Fund, the Issuer shall next, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements

or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2002 C Bonds Sinking Fund and the Series 2003 A Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2002 C Bonds and the Series 2003 A Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2002 C Bonds and the Series 2003 A Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section (unless otherwise required by the Bond Insurer and as set forth in the Supplemental Resolution):

(A) Qualified Investments acquired for the Series 2002 C Bonds Reserve Account and the Series 2003 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2002 C Bonds Reserve Account to the Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2002 C Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2002 C Bonds Reserve Account an amount at least equal to the Series 2002 C Bonds Reserve Requirement.

(C) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2003 A Bonds Reserve Account to the Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2003 A Bonds Reserve Requirement, provided, however, that there

shall at all times remain on deposit in the Series 2003 A Bonds Reserve Account an amount at least equal to the Series 2003 A Bonds Reserve Requirement.

(D) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2002 C Bonds Reserve Account or the Series 2003 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2002 C Bonds Reserve Account shall, at any time, be less than the applicable Series 2002 C Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3). If amounts on deposit in the Series 2003 A Bonds Reserve Account shall, at any time, be less than the applicable Series 2003 A Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

(E) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2002 C Bonds or the Series 2003 A Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(F) Notwithstanding the foregoing, all monies deposited in the Series 2002 C Bonds Sinking Fund and in the Series 2003 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2002 C Bonds and the Series 2003 A Bonds in such manner and to such extent as may be necessary, so that such the Series 2002 C Bonds and the 2003 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of Federal information returns with respect to the Series 2002 C Bonds and the Series 2003 A Bonds) so that the interest on the Series 2002 C Bonds and the Series 2003 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2002 C Bonds and the Series 2002 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2002 C Bonds and the Series 2003 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code for the Series 2002 C Bonds and the Series 2003 A Bonds. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund or from the Gross Revenues in the event that the Rebate Fund is insufficient therefor, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the time and the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amounts, and any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2002 C Bonds and the Series 2003 A Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2002 C Bonds or the Series 2003 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2002 C Bonds and the Series 2003 A Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2002 C Bonds or the Series 2002 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 C Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2002 C Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2002 C Bonds or monies in a construction fund, if any, all as herein provided. The Series 2003 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2003 A Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2003 A Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2002 C Bonds or Series 2003 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2002 C Bonds or Series 2003 A Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2002 C Bonds and the Series 2003 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2002 C Bonds, all monies and securities in the Series 2002 C Sinking Fund, including the Series 2002 C Bonds Reserve Account therein, and, in the instance of the Series 2003 A Bonds, all monies and securities in the Series 2003 A Bonds Sinking Fund, including the Series 2003 A Bonds Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2002 C Bonds and the Series 2003 A Bonds herein authorized, and to make the payments into the Series 2002 C Bonds Sinking Fund, all monies and securities in the Series 2002 C Bonds Sinking Fund, including the Series 2002 C Bonds Reserve Account therein, and to make payments into the Series 2003 A Bonds Sinking Fund, all monies and

securities in the Series 2003 A Bonds Sinking Fund, including the Series 2003 A Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2002 C Bonds and the Series 2003 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 C Bonds and the Series 2003 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2002 C Bonds and the Series 2003 A Bonds, including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2002 C Bonds or the Series 2003 A Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2002 C Bonds and the Series 2003 A Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, payable

from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues with the Series 2002 C Bonds and the Series 2003 A Bonds; and all obligations hereafter issued by the Issuer payable from the Revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such Revenues and in all other respects to the Series 2002 C Bonds and the Series 2003 A Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2002 C Bonds and the Series 2003 A Bonds, and the interest thereon, upon any of the income and Revenues of the System pledged for payment of the Series 2002 C Bonds and the Series 2003 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, as in this section defined, payable out of the Revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2002 C Bonds and the Series 2003 A Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The Additional Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Accountant, which shall be filed in the office of the Clerk prior to the issuance of such Additional Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Accountant, as stated in a certificate on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Additional Parity Bonds.

Not later than ten (10) days after the delivery of such Additional Parity Bonds, the Issuer shall have entered into written contracts for the immediate design of such additions, extensions, betterments or improvements to the System which are to be financed by such Additional Parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2002 C Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2002 C Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

No Additional Parity Bonds shall be valid unless authenticated pursuant to Section 3.03. Prior to such authentication, registration, if applicable, and delivery, the Registrar shall receive those documents prescribed by Section 3.12 with respect to the Series

2002 C Bonds and the Series 2003 A Bonds, modified as deemed necessary by the Registrar to reflect the issuance of such additional parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2) and (3) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2002 C Bonds or the Series 2003 A Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance.

The Issuer may issue Additional Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Series 2002 C Bonds and Series 2003 A Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Series 2002 C Bonds and Series 2003 A Bonds which are not refunded shall not be greater in any year in which the Series 2002 C Bonds and Series 2003 A Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Series 2002 C Bonds and Series 2003 A Bonds to be refunded were not so refunded and provided further, that the final maturity of such Additional Parity Bonds does not exceed that of the refunded Bonds.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2002 C Bonds and Series 2003 A Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or

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

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer and the Board from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Board, with the review of an insurance consultant and the concurrence of the Issuer, may elect to self-insure, so long as the following requirements are met:

(i) The self-insurance program has been reviewed by an insurance consultant;

(ii) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an insurance consultant; and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the insurance consultant;

(iii) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(iv) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an insurance consultant, shall be maintained.

If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board and such payment bonds will be filed with the Clerk of the County Commission of Jefferson County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FIDELITY BONDS will be provided as to every officer and employee of the Board having custody of the Revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 6.10. Services Rendered to the Board or Issuer. The Board will not render or cause to be rendered any free services of any nature by its System; and, in the event the Board, the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Board, the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Board or the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer or the Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the Issuer's waterworks system, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges

for the services and facilities of the System, plus penalty charges for the restoration of service, has been fully paid or an appropriate payment plan has been established.

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2002 C Bond or Series 2002 C Bonds or the Series 2003 A Bond or Series 2003 A Bonds, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Board. The Board shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Board shall be reported to such agent of the Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Accountant,

or a summary thereof, to any Holder or Holders of Series 2002 C Bonds or Series 2003 A Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and the Bond Insurer, if any, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 C Bonds and Series 2003 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2002 C Bonds and Series 2003 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2002 C Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2002 C Bonds during the term thereof is, under the terms of the Series 2002 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 C Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2002 C Bonds during the term thereof is, under the terms of the Series 2002 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2002 C Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2002 C Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. This covenant is not applicable to the Series 2003 A Bonds.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2002 C Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units. This covenant is not applicable to the Series 2003 A Bonds.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 C Bonds or the Series 2003 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 C Bonds, the Series 2003 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2002 C Bonds and the Series 2003 A Bonds

will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2002 C Bonds and the Series 2003 A Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2002 C Bonds and the Series 2003 A Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2002 C Bonds, the Series 2003 A Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002 C Bonds and the Series 2003 A Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2002 C Bonds or the Series 2003 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; 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 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Series 2002 C Bonds or the Series 2003 A Bonds, as applicable;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall be made without the prior written consent of the applicable Bond Insurer or shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2002 C Bonds, the Series 2003 A Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Series 2002 C Bonds and the Series 2003 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby

and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2002 C Bonds and Series 2003 A Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2002 C Bonds and Series 2003 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2002 C Bonds or Series 2003 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2002 C Bonds and Series 2003 A Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2002 C Bonds or Series 2003 A Bonds, the first exchange of Series 2002 C Bonds or Series 2003 A Bonds and the exchange of Series 2002 C Bonds or Series 2003 A Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2002 C Bonds or Series 2003 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement

of the Series 2002 C Bonds, the Series 2003 A Bonds or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2002 C Bonds or the Series 2003 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2002 C Bonds or the Series 2003 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2002 C Bonds or the Series 2003 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor-Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such

appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2002 C Bonds or the Series 2003 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2002 C Bond and the Series 2003 A Bonds shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy;

provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2002 C Bonds or the Series 2003 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2002 C Bonds or the Series 2003 A Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2002 C Bonds and the Series 2003 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2002 C Bonds or the Series 2003 A Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2002 C Bonds or the Series 2003 A Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2002 C Bonds and the Series 2003 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2002 C Bonds and the Series 2003 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the

Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2002 C Bonds and/or Series 2003 A Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2002 C Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Series 2002 C Bonds and the Series 2003 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2002 C Bonds or the Series 2003 A Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2002 C Bonds or the Series 2003 A Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond

Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

CITY

City of Charles Town
101 East Washington Street
Charles Town, West Virginia 25414
Attention: City Manager

REGISTRAR

[Name(s) and address(s) to be set forth in
Supplemental Resolution]

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attn: Executive Director

DEPOSITORY BANK

[Name(s) and address(s) to be set forth in
Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set
forth in the Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council, the Board or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2002 C Bonds and Series 2003 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2002 C Bonds or the Series 2003 A Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2002 C Bonds and Series 2003 A Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published

once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Spirit of Jefferson Advocate*, a newspaper published and having a general circulation in the City of Charles Town, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2002 C Bonds and the Series 2003 A Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 16th day of December at 7:30 p.m., in the Council Chambers of the City Hall, Charles Town and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading:	November 25, 2002
Second Reading:	December 2, 2002
Effective following Public Hearing held on:	December 16, 2002

[SEAL]

J. Randolph Hilton
Mayor

Jane E. Arnett
City Manager

ATTEST:

Brenda J. Hamilton
City Clerk

APPROVED AND CORRECT AS TO FORM:

By _____
City Attorney

CH564729.2

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading:	November 25, 2002
Second Reading:	December 2, 2002
Effective following Public Hearing held on:	December 16, 2002

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

By _____
City Attorney

CH564729.2

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of the CITY OF CHARLES TOWN at a regular meeting of the City Council held at 7:30 p.m., on December 16, 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in the City of Charles Town, the first publication having been not less than 10 days prior to such public hearing.

Dated this 20th day of December, 2002.

[SEAL]

Brenda S. Hamilton

City Clerk

CH564729.2

EXHIBIT A - SERIES 2002 C BOND FORM

[DTC Legend]

No. CR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment

on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C" (the "Series 2002 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2002, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks and sewerage portions of the combined waterworks and sewerage system of the Issuer, (ii) to partially fund a reserve account for the Series 2002 C Bonds, (iii) to pay capitalized interest on the Series 2002 C Bonds, and (iv) to pay certain costs of issuance of the Series 2002 C Bonds and related costs. The Series 2002 C Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on December 16, 2002, and supplemented by a supplemental resolution adopted by said Council on _____, 2002 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2002 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2002 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of Charles Town, West Virginia.

[The Series 2002 C Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by __[Bond Insurer]__.]

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A, TO BE ISSUED ON _____, 2003, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2003 A BONDS").

THIS BOND IS ALSO ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE ISSUER (COLLECTIVELY, THE "PRIOR BONDS").

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds"); and

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances."

The Series 2002 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 1, 20

Year (1)	Principal Amount

Bonds Maturing 1, 20

Year (1)	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Series 2002 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2002 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2002 C Bonds are to be redeemed, the Series 2002 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2002 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2002 C Bond or Series 2002 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2002 C Bonds or portions of Series 2002 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2002 C Bonds or portions of Series 2002 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2002 C Bond.

The Series 2002 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, the pledge of the Gross Revenues to be created in favor of the holders of the Series 2003 A Bonds, all monies in the Series 2002 C Bonds Sinking Fund, and the Series 2002 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2002 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2002 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2002 C Bonds Sinking Fund and the Series 2002 C Bonds Reserve Account and said unexpended Series 2002 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2002 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2002 C Bonds, including the Prior Bonds and, once issued, the Series 2003 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2002 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2002 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, partially fund a reserve account for the Series 2002 C Bonds, pay capitalized interest on the Series 2002 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2002 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2002 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2002 C

Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2002 C Bonds of which this Series 2002 C Bond is one.

This Series 2002 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2002 C Bond and the income therefrom are, under the Act, exempt from taxation in the State of West Virginia, except inheritance, estate and transfer taxes.

This Series 2002 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2002 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2002 C Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2002 C Bond to be dated as of the Series 2002 C Bond Date specified above.

[SEAL]

[Manual or facsimile signature]
Mayor

[Manual or facsimile signature]
City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2002 C Bond is one of the fully registered Series 2002 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2002 C Bonds.

Dated: _____, 2002.

_____, as
Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

EXHIBIT B - SERIES 2003 A BOND FORM

[DTC Legend]

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year,

beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT)" (the "Series 2003 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2003, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks and sewerage portions of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2003 A Bonds, (iii) to pay capitalized interest on the Series 2003 A Bonds, and (iv) to pay certain costs of issuance of the Series 2003 A Bonds and related costs. The Series 2003 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on December 16, 2002, and supplemented by a supplemental resolution adopted by said Council on _____, 2002 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2003 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the

Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2003 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of Charles Town, West Virginia.

[The Series 2003 A Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by __[Bond Insurer]___.]

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE ISSUER (COLLECTIVELY, THE "PRIOR BONDS").

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds"); and

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C, dated December ____, 2002, issued in the original aggregate principal amount of $_____ (the "Series 2002 C Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances."

The Series 2003 A Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the

principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 1, 20

Year (1)	Principal Amount

Bonds Maturing 1, 20

Year (1)	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Series 2003 A Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2003 A Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2003 A Bonds are to be redeemed, the Series 2003 A Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2003 A Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2003 A Bond or Series 2003 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2003 A Bonds or portions of Series 2003 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the

Redemption Price) such Series 2003 A Bonds or portions of Series 2003 A Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2003 A Bond.

The Series 2003 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2003 A Bonds Sinking Fund, and the Series 2003 A Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2003 A Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2003 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account and said unexpended Series 2003 A Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2003 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2003 A Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2003 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2003 A Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, fund a reserve account for the Series 2003 A Bonds, pay capitalized interest on the Series 2003 A Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2003 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2003 A Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2003 A

Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2003 A Bonds of which this Series 2003 A Bond is one.

This Series 2003 A Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2003 A Bond and the income therefrom are, under the Act, exempt from taxation in the State of West Virginia, except inheritance, estate and transfer taxes.

This Series 2003 A Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2003 A Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2003 A Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2003 A Bond to be dated as of the Series 2003 A Bond Date specified above.

[SEAL]

[Manual or facsimile signature]
Mayor

[Manual or facsimile signature]
City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2003 A Bond is one of the fully registered Series 2003 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2003 A Bonds.

Dated: _____, 2003.

_____, as
Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____.

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

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

11/26/02
144220.00004

CITY OF CHARLES TOWN
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)
AND
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT-UNINSURED)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION SETTING THE AMOUNTS, MATURITIES, INTEREST RATES, PRICES AND OTHER DETAILS AS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C (INSURED) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT - UNINSURED), OF THE CITY; AUTHORIZING AND APPROVING BOND PURCHASE CONTRACTS, CONTINUING DISCLOSURE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE FOR THE SERIES 2002 C BONDS, REGISTRAR AGREEMENTS, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; IMPLEMENTING PROVISIONS REQUIRED AS A CONDITION TO OBTAINING A MUNICIPAL BOND INSURANCE POLICY INSURING THE SERIES 2002 C BONDS FROM MBIA INSURANCE CORPORATION; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City of Charles Town (the "Issuer"), in the County of Jefferson, State of West Virginia, is a municipal corporation of said State, the governing body of which is this Council;

WHEREAS, this Council duly enacted on December 16, 2002, an ordinance (the "Ordinance") entitled:

> AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENTS, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, such Ordinance provided for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds") and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - UNINSURED) (the "Series 2003 A Bonds," and collectively with the Series 2002 C Bonds, the "Bonds"), for the purposes of (i) paying accrued interest on the Bonds, (ii) partially funding a Series 2002 C Bonds Reserve Account, (iii) funding a Series 2003 A Bonds Reserve Account, (iv) to pay costs of issuing the Bonds, and (v) paying costs of acquisition, construction and equipping of certain waterworks and sewerage facilities of the Issuer, all in accordance with the Act;

WHEREAS, the Ordinance further provided that the exact principal amount of the Bonds to be sold and the dates, maturities, interest rates, redemption provisions, price and other terms of the Bonds should be established, that a Bond Insurer for the Series 2002 C Bonds, a Registrar, Paying Agent and Depository Bank be designated, that a Registrar,

Paying Agent and Depository Bank Agreement be approved, that additional covenants and provisions relating to the Bonds be provided herein, and as may be required by any Bond Insurer as a condition to insuring such Series 2002 C Bonds and that other matters pertaining to the Bonds be provided for by a supplemental resolution of this Council upon receipt of a Bond Purchase Agreement for each series of Bonds acceptable to this Council;

WHEREAS, the Bonds are proposed to be purchased by Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Contract for each series of Bonds between the Original Purchaser and the Issuer (collectively, the "Bond Purchase Contracts");

WHEREAS, the Issuer has obtained a commitment for Municipal Bond Insurance for the Series 2002 C Bonds from MBIA Insurance Corporation (the "Bond Insurer") and has determined that it is advantageous for the Issuer to obtain such Municipal Bond Insurance Policy and provide herein for certain matters required by the Bond Insurer as a condition to issuing such Municipal Bond Insurance Policy for the Series 2002 C Bonds;

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance; and

WHEREAS, this Council deems it essential and desirable that this Resolution be adopted and that the Bond Purchase Contracts, the Continuing Disclosure Agreements, the Commitment for Municipal Bond Insurance for the Series 2002 C Bonds, the Registrar, Paying Agent and Depository Bank Agreements hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Bonds, hereinafter described, be approved, that the prices, the maturity dates and amounts, and the interest rates of the Bonds, be fixed herein, that provisions required by the Bond Insurer for the Series 2002 C Bonds as a condition to issuing its Municipal Bond Insurance Policy be provided herein and that other matters relating to the Bonds be herein provided for, all in accordance with said Ordinance;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF CHARLES TOWN HEREBY RESOLVES:

Section 1. Pursuant to the Ordinance and the Act, this Resolution is adopted and there are hereby authorized and ordered to be issued the Bonds. The Series 2002 C Bonds shall be dated December 1, 2002, upon original issuance and the Series 2003 A Bonds shall be dated January 1, 2003, upon original issuance. The Bonds shall be issued in the aggregate principal amount, bear interest payable semiannually on June 1 and December

1 of each year, commencing June 1, 2003, shall mature on December 1 in such years and shall have such redemption provisions as are set forth in EXHIBIT A - SERIES 2002 C BOND TERMS and EXHIBIT B - SERIES 2003 A BOND TERMS, attached hereto and incorporated by reference herein. Except as otherwise set forth herein, all other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the form provided in the Ordinance.

Section 2. The Bond Purchase Contracts, one for each series of Bonds, between the Original Purchaser and the Issuer, each substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor and the City Manager of each Bond Purchase Contract on behalf of the Issuer are hereby authorized, approved, and directed. Execution of each Bond Purchase Contract by the Mayor and the City Manager shall be conclusive evidence of any approval required by this Section, and authorization of any action required by each Bond Purchase Contract relating to the issuance and sale of each series of Bonds, including the payment of all necessary fees and expenses in connection therewith. The price of the Series 2002 C Bonds, pursuant to the Series 2002 C Bond Purchase Agreement, shall be $4,014,013.55 ($4,135,000 par amount, less $79,636.45 original issue discount and less $41,350 underwriters' discount), plus accrued interest from the date of the Series 2002 C Bonds to the date of delivery thereof, expected to be on or about December 20, 2002. The price of the Series 2003 A Bonds, pursuant to the Series 2003 A Bond Purchase Agreement, shall be $913,539.90 ($1,000,000 par amount, less $61,460.10 original issue discount and less $25,000 underwriters' discount), plus accrued interest from the date of the Series 2003 A Bonds to the date of delivery thereof, expected to be on or about January 15, 2003.

Section 3. The Continuing Disclosure Agreements by and between the Issuer and the Original Purchaser, one for each series of Bonds, each to be dated as of the date of delivery of the applicable series, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor and the City Manager thereof shall be and the same are hereby authorized, approved and directed. The Mayor and the City Manager shall execute and deliver the Continuing Disclosure Agreements with such changes, insertions and omissions as may be approved by the Mayor and the City Manager. Execution of the Continuing Disclosure Agreements by the Mayor and the City Manager shall be conclusive evidence of any approval required by this Section.

Section 4. The Official Statement to be dated on the date of sale of the Bonds, to be substantially in the form of the Preliminary Official Statement described below (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor and City Manager), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor and City Manager shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Official Statement by the Mayor and City Manager shall be conclusive evidence of any approval required by this

Section. The distribution by the Original Purchaser of the Preliminary Official Statement dated December 11, 2002 (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificates of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor and City Manager are hereby ratified and approved.

Section 6. The Registrar Agreements, one for each series of Bonds, each to be dated as of the date of delivery of its applicable series, by and between the Issuer and the Registrar designated herein, substantially in the form submitted to this meeting, shall be and the same are hereby approved. The Mayor and the City Manager shall execute and deliver the Registrar, Paying Agent and Depository Bank Agreements with such changes, insertions and omissions as may be approved by the Mayor and the City Manager. The execution of the Registrar, Paying Agent and Depository Bank Agreements by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 7. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by the Bond Insurer for the Series 2002 C Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Insurance Policy, and accordingly accepts the Commitment for Municipal Bond Insurance (the "Commitment") of MBIA Insurance Corporation, dated November 18, 2002. The Mayor and City Manager are hereby authorized and directed to execute the approval of the Commitment and deliver the same to the Bond Insurer. Execution by the Mayor and City Manager of the Commitment shall be conclusive evidence of any approval required by this Section.

Section 8. Pursuant to the Commitment, and, as permitted by Section 6.18 of the Ordinance, the following covenants and provisions which are required by the Bond Insurer as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2002 C Bonds are hereby set forth, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Ordinance and applicable to the Series 2002 C Bonds:

Definitions

"Insurer" shall mean MBIA Insurance Corporation, a corporation organized under the laws of the State of New York or any successor thereto.

"Permitted Investments" shall mean, to the extent permitted by applicable law:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS

and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures (FHA)

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association (GNMA or "Ginnie Mae")
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations
   (not acceptable for certain cash-flow sensitive issues.)

7. U.S. Maritime Administration
   Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development (HUD)
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U.S. government guaranteed debentures
   U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
   Participation Certificates
   Senior debt obligations

3. Federal National Mortgage Association (FNMA or "Fannie Mae")
   Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association (SLMA or "Sallie Mae")
   Senior debt obligations

5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System
   Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase Agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to MBIA (criteria available upon request)

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that

the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm

   a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or

   b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.

2. The written repo contract must include the following:

   a. Securities which are acceptable for transfer are:

      (1) Direct U.S. governments, or

      (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

   b. The term of the repo may be up to 30 days

   c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

   d. Valuation of Collateral

      (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

         (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

   a. Repo meets guidelines under state law for legal investment of public funds.

Additional Notes

(i) There is no list of permitted investments for non-indentured funds. Your own credit judgment and the relevant circumstances (e.g., amount of investment and timing of investment) should dictate what is permissible.

(ii) Any state administered pool investment fund in which the issuer is statutorily permitted or required to invest will be deemed a permitted investment.

(iii) DSRF investments should be valued at fair market value and marked to market at least once per year. DSRF investments may not have maturities extending beyond 5 years, except for Investment Agreements approved by the Insurer.

"Policy" shall mean the financial guaranty insurance policy issued by Insurer insuring the payment when due of the principal of and interest on the Series 2002 C Bonds as provided therein.

Payment Procedure

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee.

C. In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligation to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Obligation surrendered to the Insurance Paying agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligation and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Insurer that:

1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Obligations; and

2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due

and not to have been paid), with interest thereon as provided in this Indenture and the Obligation, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Obligations.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Obligations which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

I. The Insurer shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

J. The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

Notices: Any notice that is required to be given to a holder of the Obligation or to the Paying Agent pursuant to the Indenture shall also be provided to the Insurer. All notices required to be given to the Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

K. The Issuer/Obligor agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the Issuer's /Obligor's obligations, or the preservation or defense of any rights of the Insurer, under this Resolution/Indenture and any other document executed in connection with the issuance of the Obligations, and (ii) any consent, amendment, waiver or other action with respect to the Resolution/Indenture or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

GENERAL DOCUMENT PROVISIONS

A. Notice to the Insurer. The basic legal documents must provide that any notices required to be given by any party should also be given to the Insurer, Attn: Insured Portfolio Management.

B. Amendments. In the basic legal document, there are usually two methods of amendment. The first, which typically does not require the consent of the bondholders, is for amendments which will cure ambiguities, correct formal defects or add to the security of the financing. The second, in which bondholder consent is a prerequisite, covers the more substantive types of amendments. For all financings, the Insurer must be given notice of any amendments that are of the first type and the Insurer's consent must be required for all amendments of the second type. All documents must contain a provision which requires copies of any amendments to such documents which are consented to by the Insurer to be sent to Standard & Poor's.

C. Supplemental Legal Document. If the basic legal document provides for a supplemental legal document to be issued for reasons other than (1) a refunding to obtain savings; or (2) the issuance of additional bonds pursuant to an additional bonds test, there must be a requirement that the Insurer's consent also be obtained prior to the issuance of any additional bonds and/or execution of such supplemental legal document.

D. Events of Default and Remedies. All documents normally contain provisions which define the events of default and which prescribe the remedies that may be exercised upon the occurrence of an event of default. At a minimum, events of default will be defined as follows:

1. the issuer/obligor fails to pay principal when due;
2. the issuer/obligor fails to pay interest when due;
3. the issuer/obligor fails to observe any other covenant or condition of the document and such failure continues for 30 days; and
4. the issuer/obligor declares bankruptcy.

The Insurer, acting alone, shall have the right to direct all remedies in the event of a default. The Insurer shall be recognized as the registered owner of each bond which it insures for the purposes of exercising all rights and privileges available to bondholders. For bonds which it insures, the Insurer shall have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a bondholder in accordance with applicable provisions of the governing documents. Other than the usual redemption provisions, any acceleration of principal payments must be subject to the Insurer's prior written consent.

E. Defeasance requires the deposit of:

1. Cash

2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- " SLGs")

3. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities

4. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

5. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

6. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

   a. U.S. Export-Import Bank (Eximbank)

   Direct obligations or fully guaranteed certificates of beneficial ownership

   b. Farmers Home Administration (FmHA)

   Certificates of beneficial ownership

   c. Federal Financing Bank

   d. General Services Administration

   Participation certificates

   e. U.S. Maritime Administration

   Guaranteed Title XI financing

   f. U.S. Department of Housing and Urban Development (HUD)

   Project Notes

   Local Authority Bonds

   New Communities Debentures - U.S. government guaranteed debentures

   U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

F. Agents:

1. In transactions where there is an agent/enhancer (other than the Insurer), the trustee, tender agent (if any), and paying agent (if any) must be commercial banks with trust powers.

2. The remarketing agent must have trust powers if they are responsible for holding moneys or receiving bonds. As an alternative, the documents may provide that if the remarketing agent is removed, resigns or is unable to perform its duties, the trustee must assume the responsibilities of remarketing agent until a substitute acceptable to the Insurer is appointed.

Section 9. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent for the Bonds.

Section 10. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia, for the purpose of serving in the capacity of Registrar for the Bonds and Branch Banking and Trust Company, Ranson, West Virginia, as Depository Bank for the Bonds.

Section 11. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the City in connection with the issuance of the Bonds.

Section 12. The notice addresses for the Registrar, Paying Agent, Depository Bank, Original Purchaser and Bond Insurer shall be as follows:

REGISTRAR

United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust

DEPOSITORY BANK

Branch Banking and Trust Company
301 South Mildred Street
Ranson, West Virginia 25438
Attention: Branch Manager

PAYING AGENT

West Virginia Municipal Bond Commission
812 Quarrier Street, Suite 300
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Vice President

BOND INSURER OF SERIES 2002 C BONDS

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Surveillance Department

Section 13. The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with each Bond issue to the end that the Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Contracts.

Section 14. Under the provisions of the Act, and as provided in the Ordinance and the Series 2002 C Bonds, the Series 2002 C Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Gross Revenues derived from the operation of the System of the Issuer and the Series 2002 C Bonds Reserve Account established by the Ordinance, and neither the credit nor the taxing power of the Issuer is pledged for, and no tax shall ever be levied for, payment of the Series 2002 C Bonds and the interest thereon.

Section 15. Under the provisions of the Act, and as provided in the Ordinance and the Series 2003 A Bonds, the Series 2003 A Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Gross Revenues derived from the operation of the System of the Issuer and the Series 2003 A Bonds Reserve Account established by the Ordinance, and neither the credit nor the taxing power of the Issuer is pledged for, and no tax shall ever be levied for, payment of the Series 2003 A Bonds and the interest thereon.

Section 16. The Mayor, City Manager, City Clerk and other appropriate officers and employees of the Issuer are hereby authorized and directed to take all further actions necessary to cause the Series 2002 C Bonds to be insured by the Bond Insurer or such other municipal bond insurance company as is acceptable to the Original Purchaser.

Section 17. The Mayor, City Manager, City Clerk and other appropriate officers and employees of the Issuer are hereby authorized and directed to take all further actions necessary to cause the Series 2002 C Bonds and Series 2003 A Bonds to be issued at the earliest practicable dates, not less than fifteen days apart.

Section 18. This Resolution shall be effective immediately.

Adopted this 16th day of December, 2002.

[SEAL]

J. Randolph Hilton
Mayor

Jane E. Arnett
City Manager

ATTEST:

Brenda A Hamilton
City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney

Section 16. The Mayor, City Manager, City Clerk and other appropriate officers and employees of the Issuer are hereby authorized and directed to take all further actions necessary to cause the Series 2002 C Bonds to be insured by the Bond Insurer or such other municipal bond insurance company as is acceptable to the Original Purchaser.

Section 17. The Mayor, City Manager, City Clerk and other appropriate officers and employees of the Issuer are hereby authorized and directed to take all further actions necessary to cause the Series 2002 C Bonds and Series 2003 A Bonds to be issued at the earliest practicable dates, not less than fifteen days apart.

Section 18. This Resolution shall be effective immediately.

Adopted this 16th day of December, 2002.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Attorney

EXHIBIT A - SERIES 2002 C BOND TERMS

Series 2002 C
$215,000 Serial Bonds

Maturity Date (December 1)	Maturity Amount	Interest Rate	Price or Yield	CUSIP
2013	$ 105,000	4.00%	100%	160028 AY2
2014	$ 110,000	4.10%	100%	160028 AZ9

Series 2002 C
$3,920,000 Term Bonds

Maturity Date (December 1)	Maturity Amount	Interest Rate	Price or Yield	CUSIP
2008	$ 480,000	3.00%	100%	160028 AW6
2012	$ 380,000	3.85%	100%	160028 AX4
2017	$ 360,000	4.35%	100%	160028 BA3
2019	$ 265,000	4.60%	99.415%	160028 BB1
2022	$ 440,000	4.60%	96.824%	160028 BC9
2030	$1,515,000	4.75%	95.964%	160028 BD7
2032	$ 485,000	5.00%	99.382%	160028 BE5

(accrued interest to be added)

Redemption – Series 2002 C Bonds

Optional Redemption. The 2002 C Bonds maturing on or after December 1, 2013 are subject to redemption, at the option of the Issuer on or after December 1, 2012, in whole or in part, at any time in inverse order of maturity by lot within a maturity, at the following redemption prices expressed as percentages of the principal amount, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period Series 2002 C Bonds	Price
December 1, 2013 through November 30, 2014	102%
December 1, 2014 through November 30, 2015	101%
December 1, 2015 and thereafter	100%

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption prior to maturity, by lot, from the Redemption Account created in the Sinking Fund, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption:

2002 C Term Bonds Due December 1, 2008

Year (December 1)	Principal Amount
2003	$ 75,000
2004	$ 75,000
2005	$ 80,000
2006	$ 80,000
2007	$ 85,000
2008 (maturity)	$ 85,000

2002 C Term Bonds Due December 1, 2012

Year (December 1)	Principal Amount
2009	$ 90,000
2010	$ 95,000
2011	$ 95,000
2012 (maturity)	$100,000

2002 C Term Bonds Due December 1, 2017

Year (December 1)	Principal Amount
2015	$115,000
2016	$120,000
2017 (maturity)	$125,000

2002 C Term Bonds Due December 1, 2019

Year (December 1)	Principal Amount
2018	$130,000
2019 (maturity)	$135,000

2002 C Term Bonds Due December 1, 2022

Year (December 1)	Principal Amount
2020	$140,000
2021	$145,000
2022 (maturity)	$155,000

2002 C Term Bonds Due December 1, 2030

Year (December 1)	Principal Amount
2023	$160,000
2024	$170,000
2025	$175,000
2026	$185,000
2027	$195,000
2028	$200,000
2029	$210,000
2030 (maturity)	$220,000

2002 C Term Bonds Due December 1, 2032

Year (December 1)	Principal Amount
2031	$235,000
2032 (maturity)	$245,000

EXHIBIT B - SERIES 2003 A BOND TERMS

Series 2003 A
$1,000,000 Term Bonds

Maturity Date (December 1)	Maturity Amount	Interest Rate	Price or Yield	CUSIP
2022	$ 485,000	5.500%	94.232%	160028 BF2
2032	$ 515,000	5.625%	93.498%	160028 BG0

(accrued interest to be added)

Redemption – Series 2003 A Bonds

Optional Redemption. The 2003 A Bonds maturing on or after December 1, 2022 are subject to redemption, at the option of the Issuer on or after December 1, 2005, in whole or in part, at any time in inverse order of maturity by lot within a maturity, at the following redemption prices expressed as percentages of the principal amount, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period Series 2003 A Bonds	Price
December 1, 2005 and thereafter	100%

Mandatory Sinking Fund Redemption. The Series 2003 A Bonds are subject to mandatory redemption prior to maturity, by lot, from the Redemption Account created in the Sinking Fund, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption:

2003 A Term Bonds Due December 1, 2022

Year (December 1)	Principal Amount
2003	$15,000
2004	$15,000
2005	$15,000
2006	$15,000
2007	$15,000
2008	$20,000
2009	$20,000
2010	$20,000
2011	$20,000
2012	$20,000
2013	$25,000
2014	$25,000
2015	$25,000
2016	$30,000
2017	$30,000
2018	$30,000
2019	$35,000
2020	$35,000
2021	$35,000
2022 (maturity)	$40,000

2003 A Term Bonds Due December 1, 2032

Year (December 1)	Principal Amount
2023	$40,000
2024	$40,000
2025	$45,000
2026	$45,000
2027	$50,000
2028	$55,000
2029	$55,000
2030	$60,000
2031	$60,000
2032 (maturity)	$65,000

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the City Council of the CITY OF CHARLES TOWN at a regular meeting of the City Council held at 7:30 p.m., on December 16, 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 20th day of December, 2002.

[SEAL]

Brenda S Hamilton

City Clerk

12/13/02
144220.00004

$4,135,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

CROSS-RECEIPT FOR SERIES 2002 C BONDS AND BOND PROCEEDS

On the 20th day of December, 2002, the undersigned, Gregory B. Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, and J. Randolph Hilton, Mayor of the City of Charles Town (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 20th day of December, 2002, in New York, New York, the Underwriter received the entire original issue of $4,135,000 in aggregate principal amount of the City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds"). The Series 2002 C Bonds, as so received on original issuance, are in various denominations, are dated December 1, 2002, and are numbered from CR-1 upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Series 2002 C Bonds, they had been executed by J. Randolph Hilton, as Mayor of the Issuer by his manual signature and by Jane E. Arnett, as City Manager of the Issuer, and the official seal of the Issuer had been impressed upon each Series 2002 C Bond and attested by Brenda S. Hamilton, City Clerk of the Issuer by her manual signature, and had been authenticated by United Bank, Inc., Charleston, West Virginia, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Series 2002 C Bonds, of the proceeds of the Series 2002 C Bonds, as follows:

Par Amount	$4,135,000.00
Less: Underwriters' Discount	$ 41,350.00
Less: Original Issue Discount	$ 79,636.45
Plus: Accrued Interest (December 1, 2002 - December 20, 2002)	$ 9,594.60
TOTAL	$4,023,608.15

Payment for the Series 2002 C Bonds was made in immediately available funds (federal funds wire) in the amount of $4,023,608.15.

WITNESS our respective signatures as of the day and year first stated above.

CREWS & ASSOCIATES, INC.

By _____
Vice President

CITY OF CHARLES TOWN,
WEST VIRGINIA

By _____
Mayor

12/14/02
144220.00004

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT - UNINSURED)

CROSS-RECEIPT FOR SERIES 2003 A BONDS AND BOND PROCEEDS

On the 15th day of January, 2003, the undersigned, Gregory B. Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, and J. Randolph Hilton, Mayor of the City of Charles Town (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 15th day of January, 2003, in New York, New York, the Underwriter received the entire original issue of $1,000,000 in aggregate principal amount of the City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured) (the "Series 2003 A Bonds"). The Series 2003 A Bonds, as so received on original issuance, are in various denominations, are dated January 1, 2003, and are numbered from AR-1 upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Series 2003 A Bonds, they had been executed by J. Randolph Hilton, as Mayor of the Issuer by his manual signature and by Jane E. Arnett, as City Manager of the Issuer, and the official seal of the Issuer had been impressed upon each Series 2003 A Bond and attested by Brenda S. Hamilton, City Clerk of the Issuer by her manual signature, and had been authenticated by United Bank, Inc., Charleston, West Virginia, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Series 2003 A Bonds, of the proceeds of the Series 2003 A Bonds, as follows:

Par Amount	$1,000,000.00
Less: Underwriter's Discount	(3,526.65)
Less: Net Original Issue Discount	(61,460.10)
Plus: Accrued Interest (January 1, 2003 to January 15, 2003)	2,163.92
Total	$ 937,177.17

Payment for the Series 2003 A Bonds was made in immediately available funds (federal funds wire) in the amount of $922,003.82.

WITNESS our respective signatures as of the day and year first stated above.

CREWS & ASSOCIATES, INC.

By _____
Vice President

CITY OF CHARLES TOWN,
WEST VIRGINIA

By _____
Mayor

12/14/02
144220.00004

$4,135,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2002 C BONDS

United Bank, Inc.,
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On the 20th day of December, 2002, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. CR-1 through CR-9, inclusive, constituting the entire original issue of the City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, in the aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds"), executed by the Mayor and City Manager of the City of Charles Town (the "Issuer") and bearing the official seal of the Issuer. The Series 2002 C Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on December 16, 2002, as supplemented by a Supplemental Resolution adopted by the Issuer on December 16, 2002 (collectively, the "Ordinance").

2. A copy of the Ordinance enacted December 16, 2002, certified by the City Clerk of the Issuer.

3. A list of the names in which the Series 2002 C Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

4. A signed, unqualified approving opinion of Steptoe & Johnson PLLC as bond counsel.

You are hereby requested and authorized, pursuant to Section 3.12 of the Ordinance, to authenticate, register and deliver the Series 2002 C Bonds to the Depository Trust Company, New York, New York, for the account of Crews & Associates, Inc., as the original purchaser thereof.

Dated as of the day and year first stated above.

CITY OF CHARLES TOWN,
WEST VIRGINIA

By J. Randolph Hilton
Mayor

12/14/02
144220.00004

CH565752.1

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT - UNINSURED)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2003 A BONDS

United Bank, Inc.,
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On the 15th day of January, 2003, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. AR-1 through AR-2, inclusive, constituting the entire original issue of the City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured), dated January 1, 2003, in the aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds"), executed by the Mayor and City Manager of the City of Charles Town (the "Issuer") and bearing the official seal of the Issuer. The Series 2003 A Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on December 16, 2002, as supplemented by a Supplemental Resolution adopted by the Issuer on December 16, 2002 (collectively, the "Ordinance").

2. A copy of the Ordinance enacted December 16, 2002, certified by the City Clerk of the Issuer.

3. A list of the names in which the Series 2003 A Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

4. A signed, unqualified approving opinion of Steptoe & Johnson PLLC as bond counsel.

You are hereby requested and authorized, pursuant to Section 3.12 of the Ordinance, to authenticate, register and deliver the Series 2003 A Bonds to the Depository Trust Company, New York, New York, for the account of Crews & Associates, Inc., as the original purchaser thereof.

Dated as of the day and year first stated above.

CITY OF CHARLES TOWN,
WEST VIRGINIA

By J Randolph Smith
Mayor

12/14/02
144220.00004

CH819577.1

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate") is made and entered into by the City of Charles Town, a political subdivision of the State of West Virginia (the "Issuer"), in connection with the issuance of $4,135,000 City of Charles Town, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (the "Bonds"). The Bonds are being issued pursuant to the Issuer's Ordinance enacted on December 16, 2002, and its Supplemental Resolution adopted on December 16, 2002 (collectively, the "Ordinance"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated December 16, 2002, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Certificate.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean the Issuer and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. [As of the date of this Certificate, there is no State Repository.]

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2002 Fiscal Year, provide to each Repository an Annual Report, which is consistent with the requirements of Section 4 of this Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and not later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Within ninety (90) days after the end of its 2002 fiscal year and each subsequent fiscal year, to each National Repository and any State Depository, unaudited general purpose financial statements of the Issuer, and

(b) Within fifteen (15) days after receipt by the Issuer of its 2002 fiscal year-end, and each subsequent fiscal year, to each nationally recognized municipal securities information repository ("National Repository") and to any West Virginia State information repository ("State Repository"), core financial information and operating data of the Issuer for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted auditing principles in effect from time to time, and (ii) material historical quantitative data of the type found in the Official Statement under the caption "Financial Statements of the Issuer":

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal

Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board or the National Repository and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it is any future Annual Report or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December 20, 2002

CITY OF CHARLES TOWN

By: J. Randolph Smith
Mayor

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Charles Town

Name of Issue: $4,135,000 City of Charles Town, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C

Date of Issuance: December 1, 2002

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

CITY OF CHARLES TOWN

By: _____
Mayor

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of July 1, 2002

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
FAX: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate") is made and entered into by the City of Charles Town, a political subdivision of the State of West Virginia (the "Issuer"), in connection with the issuance of $1,000,000 City of Charles Town, Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (the "Bonds"). The Bonds are being issued pursuant to the Issuer's Ordinance enacted on December 16, 2002, and its Supplemental Resolution adopted on December 16, 2002 (collectively, the "Ordinance"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated December 16, 2002, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Certificate.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean the Issuer and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. [As of the date of this Certificate, there is no State Repository.]

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2002 Fiscal Year, provide to each Repository an Annual Report, which is consistent with the requirements of Section 4 of this Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and not later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Within ninety (90) days after the end of its 2003 fiscal year and each subsequent fiscal year, to each National Repository and any State Depository, unaudited general purpose financial statements of the Issuer, and

(b) Within fifteen (15) days after receipt by the Issuer of its 2003 fiscal year-end, and each subsequent fiscal year, to each nationally recognized municipal securities information repository ("National Repository") and to any West Virginia State information repository ("State Repository"), core financial information and operating data of the Issuer for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted auditing principles in effect from time to time, and (ii) material historical quantitative data of the type found in the Official Statement under the caption "Financial Statements of the Issuer":

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal

Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board or the National Repository and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it is any future Annual Report or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: January 14, 2003

CITY OF CHARLES TOWN

By: Randall Hill
Mayor

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Charles Town

Name of Issue: $1,000,000 City of Charles Town, Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A

Date of Issuance: January 14, 2003

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: January 14, 2003_.

CITY OF CHARLES TOWN

By: _____
Mayor

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of July 1, 2002

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
FAX: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.00%	December 1, 2008	December 1, 2002	160028 AW6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED EIGHTY THOUSAND DOLLARS ($480,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $4,135,000 designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)" (the "Series 2002 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2002, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks and sewerage portions of the combined waterworks and sewerage system of the Issuer, (ii) to partially fund a reserve account for the Series 2002 C Bonds, (iii) to pay capitalized interest on the Series 2002 C Bonds, and (iv) to pay certain costs of issuance of the Series 2002 C Bonds and related costs. The Series 2002 C Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on December 16, 2002, and supplemented by a supplemental resolution adopted by said Council on December 16, 2002 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2002 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2002 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of Charles Town, West Virginia.

The Series 2002 C Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed hereon, by a policy of municipal bond insurance issued by MBIA Insurance Corporation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE ISSUER (COLLECTIVELY, THE "PRIOR BONDS"):

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds"); and

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds").

The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances."

The Series 2002 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

Optional Redemption. The 2002 C Bonds maturing on or after December 1, 2013 are subject to redemption, at the option of the Issuer on or after December 1, 2012, in whole or in part, at any time in inverse order of maturity by lot within a maturity, at the following redemption prices expressed as percentages of the principal amount, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period Series 2002 C Bonds	Price
December 1, 2013 through November 30, 2014	102%
December 1, 2014 through November 30, 2015	101%
December 1, 2015 and thereafter	100%

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption prior to maturity, by lot, from the Redemption Account created in the Sinking Fund, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption:

2002 C Term Bonds Due December 1, 2008

Year (December 1)	Principal Amount
2003	$ 75,000
2004	$ 75,000
2005	$ 80,000
2006	$ 80,000
2007	$ 85,000
2008 (maturity)	$ 85,000

2002 C Term Bonds Due December 1, 2012

Year (December 1)	Principal Amount
2009	$ 90,000
2010	$ 95,000
2011	$ 95,000
2012 (maturity)	$100,000

2002 C Term Bonds Due December 1, 2017

Year (December 1)	Principal Amount
2015	$115,000
2016	$120,000
2017 (maturity)	$125,000

2002 C Term Bonds Due December 1, 2019

Year (December 1)	Principal Amount
2018	$130,000
2019 (maturity)	$135,000

2002 C Term Bonds Due December 1, 2022

Year (December 1)	Principal Amount
2020	$140,000
2021	$145,000
2022 (maturity)	$155,000

2002 C Term Bonds Due December 1, 2030

Year (December 1)	Principal Amount
2023	$160,000
2024	$170,000
2025	$175,000
2026	$185,000
2027	$195,000
2028	$200,000
2029	$210,000
2030 (maturity)	$220,000

2002 C Term Bonds Due December 1, 2032

Year (December 1)	Principal Amount
2031	$235,000
2032 (maturity)	$245,000

In the event of any redemption of less than all outstanding Series 2002 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2002 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2002 C Bonds are to be redeemed, the Series 2002 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2002 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2002 C Bond or Series 2002 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2002 C Bonds or portions of Series 2002 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the

Redemption Price) such Series 2002 C Bonds or portions of Series 2002 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2002 C Bond.

The Series 2002 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2002 C Bonds Sinking Fund, and the Series 2002 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2002 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2002 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2002 C Bonds Sinking Fund and the Series 2002 C Bonds Reserve Account and said unexpended Series 2002 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2002 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2002 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2002 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2002 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, partially fund a reserve account for the Series 2002 C Bonds, pay capitalized interest on the Series 2002 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2002 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2002 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2002 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of

the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2002 C Bonds of which this Series 2002 C Bond is one.

This Series 2002 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2002 C Bond and the income therefrom are, under the Act, exempt from taxation in the State of West Virginia, except inheritance, estate and transfer taxes.

This Series 2002 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2002 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2002 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2002 C Bond to be dated as of the Series 2002 C Bond Date specified above.

[SEAL]

Mayor

City Manager

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2002 C Bond is one of the fully registered Series 2002 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2002 C Bonds.

Dated: December 20, 2002.

UNITED BANK, INC., as Registrar

By Kay Smith
Its Authorized Officer

CH569243.1

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the West Virginia Municipal Bond Commission, Charleston, West Virginia.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to the West Virginia Municipal Bond Commission or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 C (Insured)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any

amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

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(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignment _____

_____

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

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

12/16/02
144220.00004

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-2

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.85%	December 1, 2012	December 1, 2002	160028 AX4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED EIGHTY THOUSAND DOLLARS ($380,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-3

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.00%	December 1, 2013	December 1, 2002	160028 AY2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FIVE THOUSAND DOLLARS ($105,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-4

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.10%	December 1, 2014	December 1, 2002	160028 AZ9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED TEN THOUSAND DOLLARS ($110,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-5

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.35%	December 1, 2017	December 1, 2002	160028 BA3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SIXTY THOUSAND DOLLARS ($360,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-6

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.60%	December 1, 2019	December 1, 2002	160028 BB1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SIXTY-FIVE THOUSAND DOLLARS ($265,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-7

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.60%	December 1, 2022	December 1, 2002	160028 BC9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED FORTY THOUSAND DOLLARS ($440,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-8

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.75%	December 1, 2030	December 1, 2002	160028 BD7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED FIFTEEN THOUSAND DOLLARS ($1,515,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-9

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.00%	December 1, 2032	December 1, 2002	160028 BE5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED EIGHTY THOUSAND DOLLARS ($480,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT-Uninsured)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.50%	2022	January 1, 2003	160028BF2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED EIGHTY-FIVE THOUSAND DOLLARS ($485,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest

Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2003 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each December 15 and June 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,000,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured)" (the "Series 2003 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated January 1, 2003, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks and sewerage portions of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2003 A Bonds, (iii) to pay capitalized interest on the Series 2003 A Bonds, and (iv) to pay certain costs of issuance of the Series 2003 A Bonds and related costs. The Series 2003 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on December 16, 2002, and supplemented by a supplemental resolution adopted by said Council on December 16, 2002 (hereinafter collectively referred to as the "Ordinance"), and is

subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2003 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2003 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of Charles Town, West Virginia.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE ISSUER (COLLECTIVELY, THE "PRIOR BONDS").

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds"); and

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C, dated December 20, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances."

Optional Redemption. The 2003 A Bonds maturing on or after December 1, 2005 are subject to redemption, at the option of the Issuer, in whole or in part, at any time in inverse order of maturity and by lot within a maturity, at the price of 100% of the principal amount thereof, plus interest, if any, accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2003 A Bonds are subject to mandatory redemption prior to maturity, by lot, from the Redemption Account created in the Sinking Fund, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption:

2003 A Term Bonds Due December 1, 2022

Year (December)	Principal Amount
2003	$15,000
2004	$15,000
2005	$15,000
2006	$15,000
2007	$15,000
2008	$20,000
2009	$20,000
2010	$20,000
2011	$20,000
2012	$20,000
2013	$25,000
2014	$25,000
2015	$25,000
2016	$30,000
2017	$30,000
2018	$30,000
2019	$35,000
2020	$35,000
2021	$35,000
2022 (maturity)	$40,000

2003 A Term Bonds Due December 1, 2032

Year (December)	Principal Amount
2023	$40,000
2024	$40,000
2025	$45,000
2026	$45,000
2027	$50,000
2028	$55,000
2029	$55,000
2030	$60,000
2031	$60,000
2032 (maturity)	$65,000

In the event of any redemption of less than all outstanding Series 2003 A Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2003 A Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all

the Series 2003 A Bonds are to be redeemed, the Series 2003 A Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2003 A Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2003 A Bond or Series 2003 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2003 A Bonds or portions of Series 2003 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2003 A Bonds or portions of Series 2003 A Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2003 A Bond.

The Series 2003 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2003 A Bonds Sinking Fund, and the Series 2003 A Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2003 A Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2003 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account and said unexpended Series 2003 A Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2003 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2003 A Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2003 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the

Series 2003 A Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, fund a reserve account for the Series 2003 A Bonds, pay capitalized interest on the Series 2003 A Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2003 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2003 A Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2003 A Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2003 A Bonds of which this Series 2003 A Bond is one.

This Series 2003 A Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2003 A Bond and the income therefrom are, under the Act, exempt from taxation in the State of West Virginia, except inheritance, estate and transfer taxes.

This Series 2003 A Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2003 A Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2003 A Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2003 A Bond to be dated as of the Series 2003 A Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

City Manager

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2003 A Bond is one of the fully registered Series 2003 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2003 A Bonds.

Dated: January 15, 2003.

UNITED BANK, INC., as
Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____.

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

01/13/02
144220.00004

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT-Uninsured)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.625%	2032	January 1, 2003	160028BG0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE HUNDRED FIFTEEN THOUSAND DOLLARS ($515,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest

CHARTER
OF THE
CITY OF
CHARLES TOWN
WEST VIRGINIA

EDITOR'S NOTE: The Charles Town Charter was enacted by the West Virginia Legislature in 1915.

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CHARTER OF THE CITY OF CHARLES TOWN WEST VIRGINIA

SECTION 1. CORPORATE LIMITS.

The corporate limits of the Town of Charles Town shall be as follows, to-wit:

Beginning at the corner of William H. Travers and Andrew Hunter, on the north side of Smithfield, Charles Town and Harpers Ferry turnpike, being 41.1 poles from the east side to town alley (figure 1 in plat of S. Howell Brown's survey of January eighteenth, one thousand eight hundred and seventy-two); running thence with the line of said Travers and Hunter, and also the line of Richard Hessey and the said Hunter, N. 20 degrees, 20 minutes, W. to the Winchester and Potomac Railroad, and extending the same course in all 79.3 poles to a stake in James M. Ranson's field; thence parallel to Washington Street S. 69 degrees, 40 minutes, W. 290 poles to a stake at the prolongation of the line of Mrs. Buskirk and Henry B. Davenport; thence in the direction of said line S. 20 degrees, 20 minutes, E. 10.8 poles to a stake at the west side of new road, where the same intersects the "Old Mill Road"; thence with the west side of new road S. 20 degrees, 10 minutes, W. 52.9 poles, crossing the aforesaid turnpike to a stake in the line of said Davenport (5); and thence with the said line S. 17 degrees, 50 minutes, E. 30.9 poles to the south line of the "Old Winchester Road"; thence with it N. 69 degrees, 40 minutes, E. 36.05 poles to a point at the prolongation of the aforesaid line of Buskirk and Davenport; thence extending said course S. 20 degrees, 20 minutes, E. 147.12 poles to a stake in William Drew's field; thence parallel to Washington Street N. 69 degrees, 40 minutes, E. 122 poles to a stake; thence S. 20 degrees, 20 minutes, E. 45.45 poles to a stake; thence N. 69 degrees, 40 minutes, E. 115.25 poles to a stake; thence N. 20 degrees, 20 minutes, W. 45.45 poles to a stake; thence N. 69 degrees, 40 minutes, E. 52.75 poles to a stake in George H. Tate's field (13); thence N. 20 degrees, 20 minutes, W. 150.18 poles to beginning; containing 460 acres.

Editor's Note: In addition to the above described territory, the following territory was annexed to the city in 1967:

Beginning at the present corporation line of Charles Town in the east line of South Samuel Street; thence N 72-30 E 926 feet; thence N 17-30 W 750 feet, crossing Forrest Avenue, to a point; thence and still with said present corporation line, N 72-30 E 797.3 feet to a point; thence leaving said present corporation line and running with the east line of an alley, S 20-15 W 1463.7 feet to a point therein; thence S 69-45 E 3 feet; thence S 20-15 W 992.2 feet to a point; thence N 69-43 W 79.8 feet; and N 18-00 W 425.4 feet; N 13-30 E 285.7 feet; N 25-10 E 45 feet; N 14-15 W 205 feet; and S 73-15 W 343.5 feet to the east line of South Samuel Street (extended); and thence with same N 17-30 W 232 feet to the beginning; containing 22.48 acres.

SECTION 2. MUNICIPAL AUTHORITIES.

The Municipal authorities of said Town shall be a Mayor and two Councilmen from each ward who, together, shall be a Common Council.

SECTION 3. TOWN INCORPORATE.

The Mayor and Councilmen as soon as they shall be elected and qualified, as herein provided, shall be a body politic and corporate by the name of "The Corporation of Charles Town", and shall have perpetual succession and a common seal; and by that name may sue and be sued, plead and be impleaded, contract and be contracted with, and may purchase and hold real estate and other property necessary or proper to enable it to discharge its duties, and needful for the good order, government and welfare of said corporation.

SECTION 4. CORPORATE POWERS.

All the corporate powers of said town shall be exercised by the said Council or under its authority, except when otherwise provided.

SECTION 5. ELECTION OF MAYOR.

The Mayor and Councilmen shall be elected by the qualified voters of said corporation.

SECTION 6. WARDS; ELECTIONS THEREIN.

The said town shall consist of four wards located and bounded as follows:

The first ward shall include all the territory within the corporate limits lying north of Washington Street and the Summit Point road and west of George Street; the second ward, all the territory lying south of Washington Street and the Summit Point road and west of George Street; the third ward all the territory within said corporate limits lying east of George Street and south of Washington Street; the fourth ward all the territory within said corporate limits lying east of George Street and north of Washington Street. Elections in said corporation under this Act shall be held on the fourth Thursday in May, one thousand nine hundred and fifteen, and annually thereafter on such Thursday, and shall be under the supervision of three inspectors at each election precinct in said Town, who are to be appointed by the Council, and who shall be governed by such rules and regulations as the Council may prescribe. The Council shall select and designate the voting places of the respective wards in the Town.

SECTION 7. QUALIFICATIONS OF MAYOR, ETC.,

The Mayor and Councilmen must be, at the time of their election and during their terms of office, owners in fee of real estate in said corporation of the value of two hundred and fifty dollars over and above all encumbrances, and be entitled to vote for members of its common Council.

SECTION 8. TERMS OF OFFICE.

Their term of office shall be (except when to fill vacancies) for two years, and until their successors are elected and qualified, as herein provided; except that at the election to be held on the fourth Thursday in May, one thousand nine hundred and fifteen, there shall be elected one Councilman from the first, second, and fourth wards, and two Councilmen from the third ward, one of the said two so elected from the third ward to hold office for two years, and the other for one year; the terms of office of said Councilmen so elected from the third ward shall be determined by lot at the first meeting of the Council held after such election in one thousand nine hundred and fifteen.

Annually thereafter, on the fourth Thursday in May, there shall be elected one Councilman from each ward, to be voted for throughout the town as hereinbefore provided. The Mayor shall be elected on the fourth Thursday in May, one thousand nine hundred and sixteen, and every two years thereafter on such Thursday. The Mayor and members of the Council elected in May, one thousand nine hundred and fifteen, shall continue in office until their successors are elected in May, one thousand nine hundred and sixteen.

SECTION 9. CERTIFICATES OF ELECTION.

As soon as the result for such election for Mayor and Councilmen is ascertained, the inspectors of election shall sign a certificate containing complete returns of the polls taken at their place of voting for all of said officers, and shall enclose the certificate in an envelope, which shall be sealed up and endorsed by each of such inspectors. The inspectors, or one of them, shall, within three days after the day on which such election was held, deliver said certificates to the Mayor of said Town. At the next meeting of the Council thereafter the Mayor shall present such certificates to the Council, who shall examine the same and ascertain the true result of such election in said Town, and the person respectively appearing to have received the highest number of vote for the several offices shall be declared elected, and a certificate thereof signed by the Mayor shall be granted to the person so elected.

SECTION 10. WHO MAY VOTE.

Every person who shall have resided within the boundaries of said Town for one month, and within the ward in which he offers to vote for five days next preceding the election held therein, and who is a qualified voter under the laws and Constitution of this State, and no others, shall be entitled to vote at any election held in said town.

SECTION 11. VACANCIES IN OFFICE.

All vacancies occurring from any cause in any elective office of the Town shall be filled by appointment by the Council until the next election held in said Town for Councilmen; but in case of a Councilman, such appointment shall be made only of a resident of the ward in which such vacancy has occurred, and such appointees shall be otherwise qualified as is required by this Act.

SECTION 12. MODE OF VOTING.

At all elections the mode of voting shall be that prescribed by the State Constitution for election of State officers.

SECTION 13. TIE VOTES

Whenever two or more candidates for the same office at any election shall receive an equal number of votes, the Council shall, in an equitable mode, determine which of the persons so voted for shall be returned elected.

SECTION 14. CONTESTED ELECTIONS.

All contested elections shall be heard and decided by the Council for the time being; but the Council may order a new election if satisfied the ends of justice will be better attained thereby.

SECTION 15. QUORUM.

A majority of the Councilmen elected shall be necessary for the transaction of any business.

SECTION 16. NUMBER, TERMS, DUTIES AND COMPENSATION OF APPOINTIVE OFFICERS.

There shall be one or more Sergeants, a Clerk, a Treasurer, an Assessor, a City Attorney, a City Health Officer, a City Engineer, and three Commissioners of Roads, Streets and Alleys of said Town, who shall be appointed by the Council thereof and hold office during the pleasure of said Council. The duties of Sergeant, Clerk, Treasurer and Assessor may be discharged by the same person, or otherwise, as the Council may from time to time determine; but no member of the Council shall hold any of said offices. The compensation for said officers shall be in the discretion of the Council.

SECTION 17. OATH OF MAYOR AND COUNCILMEN.

The Mayor and Councilmen and all officers herein provided for, shall each, before entering upon the duties of his office, and within ten days of the time of his election or appointment, take and subscribe an oath to faithfully and impartially discharge the duties of his office, and the oath to support the Constitution of the United States, and the Constitution of the State of West Virginia. The Mayor, having taken such oath or affirmation, may administer the same to the Councilmen and other officers. Certificates of said oaths or affirmations shall be recorded in the journal of said Council, and whenever two-thirds of the members of the Council shall have qualified, they shall enter upon said offices.

SECTION 18. FAILURE TO QUALIFY.

If any one who shall have been elected Mayor or Councilman shall not be eligible as herein prescribed, or shall refuse or fail to take the oath or affirmation required under this Act, within the time prescribed, the Council may declare his office vacant and fill the vacancy as provided in Section Eleven of this Act.

SECTION 19. PRESIDING OFFICER.

The Council shall be presided over at its meetings by the Mayor, or in his absence, by the Mayor Pro Tem., who shall be chosen annually by a majority of the Council present at the first meeting of said Council, from the members of the Council after the election and qualification; and such Mayor Pro Tem., shall in the absence of the Mayor, have all the powers and perform all the duties of the Mayor.

SECTION 20. JOURNAL OF COUNCIL.

The Council shall cause to be kept, in a well-bound book, an accurate record of all its proceedings, bylaws, acts and orders, which shall be fully indexed, and open to the inspection of citizens of the Town. The proceedings of each meeting shall be read and corrected at the succeeding meeting, and signed by the person presiding for the time being. Upon the call of any member the yeas and nays shall be called and recorded in the journal. In all cases of a tie the person presiding at the time shall have the casting vote.

SECTION 21. POWERS OF COUNCIL.

The Council shall have power to open and grade new streets and extend, widen, straighten, repair and grade old streets and alleys; to curb and pave streets, sidewalks and gutters for public use, and to alter, improve and light the same, and shall have control of all the avenues for public use in said Town; to have the same kept in good order and free from obstructions on or over them; to regulate and determine the width of all streets, sidewalks and public alleys; to order and direct the curbing and paving of all sidewalks and footways for public use in said town, to be done and kept in good order by the owners or occupants of the adjacent property; to control the construction and repair of all houses, bridges and culverts; the opening and construction of all ditches, drains and gutters; to widen, deepen and clear the same of stagnant water and filth and to determine at whose expense the same shall be done; to purchase, lay off and appropriate public grounds and control the use of the same; to provide, contract for and take care of all public buildings proper to the Town; to provide for the regular building of houses or other structures; to cause the removal of unsafe walls or buildings; to prevent injury or annoyance to the public or individuals from anything dangerous, offensive or unwholesome; to abate or cause to be abated anything which, in the opinion of the majority of the whole Council, shall be a nuisance; to regulate the keeping of gunpowder and other combustibles and explosives; to provide in or near the Town places for the burial of the dead, and regulate the interments in the Town, and provide ornamental trees; to provide for making division fences, and for the draining of lots by proper drains and ditches; to make regulations for guarding against danger or damages from fire;

to provide for the poor of the Town; to organize one or more fire companies, and provide the necessary apparatus, tools, implements, engines, or any of them, for their use; to provide a sufficient revenue for said Town, and appropriate the same to its expenses; to issue bonds of the corporation and make sale thereof, but no such bonds shall be sold by said corporation for less than par, nor bearing a higher rate of interest than six percent per annum; nor shall said corporation be indebted on account of such issue at any period in a greater sum than ten thousand dollars without the consent of a majority of the voters of the Town expressed at an election held for that purpose; nor shall the whole indebtedness of said Town at any time ever exceed the sum of one hundred thousand dollars; to provide for the annual assessment of taxable persons and property in the Town; to adopt rules for the transaction of business and for the government and regulation of its own body; to promote the general welfare of the Town, and to protect the persons and the property of the citizens therein; to appoint the officers authorized by Section Sixteen of this Act, fix their terms of service and compensation, require and take from them bonds, with such sureties and in such penalties as the Council may determine, conditioned for the true and faithful discharge of their duties, and remove them at pleasure; but all bonds taken by the Council shall be made payable to the Town by its corporate name; to provide for and regulate the weighing of hay, coal, wood and other articles sold or for sale in said Town, and to regulate the transportation thereof through the streets; to establish and regulate markets, or prescribe the time for holding the same, and what articles shall be sold only in said markets; to protect places of divine worship; to lay off the Town into four or more wards, prescribing the boundaries of said wards; but should any change in the boundaries of the wards be made; the new wards shall be equal in population as nearly as possible; to appoint and publish the places of holding Town elections; to erect or authorize or prohibit the erection of gas works in or near the Town; to prevent injuries to, and provide protection of the same; to provide for the purity of the water and the healthfulness of the town; for all of which purposes except that of taxation, the Council shall have jurisdiction for one mile beyond the corporate limits of said Town; to prescribe and enforce ordinances for the purpose of protecting the health, decency, morality and order of the Town and its inhabitants, and to punish violators of such ordinances, even if the offenses under and against such ordinances shall also constitute offenses under the laws of the State of West Virginia, or the common law, for which purpose also the jurisdiction of said Town shall extend for one mile beyond the corporate limits thereof.

SECTION 22. POWER TO REPAIR SIDEWALKS, ETC.

If the owner or occupant of any sidewalk, footway, gutter or pavement in said Town, or of the real property next adjacent thereto, shall fail or refuse to curb, pave or keep the same clean, in the manner and within the time required by the Council, it shall be the duty of the Council to cause the same to be done at the expense of the said Town and to assess the amount of such expense upon such owner or occupant, and the same may be collected by the Town sergeant in the manner herein provided for the collection of Town taxes.

SECTION 23. GENERAL POWERS.

To carry into effect these enumerated powers, and all other powers conferred upon the said Town, or its Council, expressly or by implication, by this or any future act of the legislature of this State, the Council shall have power to make, pass and enforce all needful orders, bylaws, ordinances, resolutions, rules and regulations, not contrary to the Constitution and laws of this State; and to prescribe and impose reasonable fines, penalties, and imprisonment in the County jail for a term not exceeding thirty days, for violations thereof. Such fines, penalties and imprisonment shall be recovered and enforced under the judgment of the Mayor of said Town, or the person lawfully exercising the functions of Mayor. And the authorities of said Town may, with the consent of the County Court of Jefferson County, entered of record, use the jail of said County for any purposes for which the use of a jail may be needed by them, under the acts of the Council or of the State.

SECTION 24. ANNUAL ESTIMATE.

The Council shall cause to be made up annually and entered upon its journal an accurate estimate of all sums which are or may become lawfully chargeable on said Town, and which ought to be paid within one year, and it shall order a Town levy of so much, in its opinion, as may be necessary to pay the same; provided, however, that the tax rate shall not exceed thirty-five cents on the one hundred dollars, except where it appears to the satisfaction of the Council that a levy of thirty-five cents on each one hundred dollars will not produce sufficient revenue in any one year to pay current expenses, the interest on the bonded indebtedness of the Town, and provide for a sinking fund sufficient to liquidate such bonded indebtedness within the time prescribed by law; and in such case, the Council may, by a vote of a majority of all members elected to the Council, increase such tax rate to such a rate, not exceeding fifty cents on the one hundred dollars, as may be necessary for the purpose aforesaid. All vacant property embraced in the proposed boundaries of the said Town, beyond the old limits of the Town, shall be subject only to such taxation for the benefit of said Town, as is levied upon other property for county and district purposes, and until the said vacant property shall be divided into lots for building purposes, and offered for sale as such, and until the streets of the said Town shall be opened for the use and accommodation of the same.

SECTION 25 ANNUAL LEVY.

The levy so ordered shall be upon all male persons resident of said Town over the age of twenty-one years, dogs, and all real and personal estate within the said Town, subject to State or County taxes; provided, that the tax so levied upon persons does not exceed two dollars per head.

SECTION 26. LICENSES.

Whenever anything for which a State license is required is to be done within the said Town, the Council may require a Town license therefor, and may impose a tax thereon for the use of the Town. The Council may require from the persons so licensed a bond with sureties, payable to the Town, in such penalties and with such conditions as it may think proper, and may revoke such license at any time, after due notice and a hearing thereon, if the conditions of said bond be broken.

SECTION 27. ASSESSOR.

It shall be the duty of the Assessor to make an assessment of the persons, dogs, and property within said Town subject to taxation, substantially in the manner and form in which such assessments are made by the Assessor of the County, and to return the same to the Council on or before the first day of July in each year; and for this purpose he shall have all the powers conferred by law upon the County Assessor. He shall receive a compensation for his services to be fixed by the Council, which shall not be increased or diminished during his continuance in office.

SECTION 28. SERGEANT.

The Sergeant shall have power to collect the Town taxes, fines, and levies, and shall have power one month after he receives the books of the Assessor of said Town, to distrain and sell therefor, in like manner as the Sheriff may distrain and sell for State taxes, and shall in all other respects have the same powers as a Sheriff to enforce the payment and collection thereof; and the said Sergeant shall have power, within the corporate limits, to exercise all the duties of a constable as a conservator of the peace, and he shall be entitled to the same compensation therefor. Upon the conviction of any person arrested by him, for the violation of any of the ordinances of the Town, he shall be entitled to one dollar for such arrest, to be taxed in the costs against the person so convicted, and he and his sureties shall be liable to all fines, penalties and forfeitures that a constable is legally liable to, for any failure or dereliction in his said office, to be recovered in the same manner and before the same courts that said fines, penalties and forfeitures are now recoverable against constables.

SECTION 29. LIEN ON REAL ESTATE FOR TAXES.

There shall be a lien upon real estate within said corporation for the Town taxes assessed thereon, from the commencement of the year in which they are assessed, and for all other assessments, fines and penalties assessed or imposed upon the owners thereof by the authorities of the Town, from the time the same are so assessed or imposed, which liens shall be enforced by the Council in the same manner as the lien for taxes for county purposes is now enforced or by suit in equity in the circuit court of Jefferson County. The lien aforesaid shall have priority over all other liens, except that for taxes due the State.

SECTION 30. PROHIBITION OF SHOWS.

The Council may prohibit any theatrical or other performance, show or exhibition which it may deem injurious to the morals or good order of the Town.

SECTION 31. BONDS OF SERGEANT AND TREASURER.

The Council shall have the power to require and take from the sergeant and treasurer bonds, with sureties satisfactory to the Council, in such penalty as it may deem sufficient, except that as to the sergeant it shall not be for a penalty less than two thousand five hundred dollars; and said bond shall be conditioned for the true and faithful performance of his duties as sergeant, and for the collecting and accounting for and payment of the taxes, fines and other moneys of the Town which shall come into his hands, or which it shall be his duty to collect, at such times and to such persons as the Council may order.

The Treasurer's bond shall be conditioned for the true and faithful performance of his duties as Treasurer, and that he will faithfully pay over and account for all moneys that shall come into his hands as Treasurer, when and as he shall be thereto required by the Council.

SECTION 32. MAYOR; POWERS, DUTIES, ETC.

The Mayor shall be the chief executive officer of the Town, and shall take care that all bylaws, ordinances and orders of the Council are faithfully executed. He shall be ex officio a conservator and justice of the peace within said Town, and shall, within the same, exercise all the powers and duties vested in justices, except that he shall have no jurisdiction as such in civil cases. He shall have control of the police of the Town, and may appoint special police officers whenever he deems it necessary; and it shall be his duty especially to see that the peace and good order of said Town are preserved, and that the persons and property therein are protected; and to this end he may cause the arrest and detention of all riotous and disorderly persons in said Town before issuing his warrant therefor. He shall have power to issue executions for all fines, penalties and costs imposed by him, or he may require the immediate payment thereof, and in default of such payment he may commit the party in default to the jail of Jefferson County until the fine or penalty and costs shall be paid, to be employed during the term of his imprisonment as hereinafter provided; but the term of imprisonment in such case shall not exceed thirty days. He shall, from time to time, recommend to the Council such measures as he may deem needful to the welfare of the Town. He may receive a compensation for his services, to be fixed by the Council, which shall not be increased nor diminished during the term for which he was elected.

SECTION 33. CLERK; HIS DUTIES AND COMPENSATION.

It shall be the duty of the Clerk to keep the journal of the proceedings of the Council, and to have charge of and preserve the records, papers, documents, contracts, etc., of the Town. He shall attend the Mayor in all his examinations, issue his orders, swear witnesses, and perform all the duties of a Clerk in the Council and Mayor's Court. He shall receive such compensation for his services as may be fixed by the Council, which shall not be increased nor diminished during his term of office.

SECTION 34. SERGEANT; HIS DUTIES, LIABILITIES AND COMPENSATION.

It shall be the duty of the Town Sergeant to collect the taxes, fines and other income and revenue of the Town, as specified in his bond, and to account for and pay the same to the Treasurer at such times as the Council may order. And it shall be his duty, at least once in every three months, and oftener if required by the Council, to render an account of the taxes, fines and other claims in his hands for collection, and return a list of such as he shall have been unable to collect by reason of insolvency, to which list he shall make an oath that he has used due diligence to collect the same, but has been unable to do so. The Council shall, if it be satisfied that he could not have collected the same by the use of due diligence, allow them. But if the Council shall be of opinion that by the use of due diligence on the part of said Sergeant he could have collected the same, or any part thereof, then he shall be

charged with such as he might have collected. The said Sergeant shall do and perform all other acts pertaining to the office of Sergeant of a corporation, and of a police officer within said Town, and as such shall have the same powers, duties, fees and liabilities as are by law prescribed for a constable when acting as such. He shall for his services receive such compensation as shall be fixed by the Council.

SECTION 35. TREASURER.

All moneys belonging to said Town shall be paid over to the Treasurer, none of which shall be paid out by him except as the same have been apportioned and ordered to be paid by the Council; and the said Treasurer shall pay the same upon the certificate of the Mayor.

SECTION 36. MOTION AGAINST TREASURER.

If the Treasurer shall fail to account for and pay over all or any moneys that shall come into his hands, when thereto required by the Council, it shall be lawful for the Council, in the corporate name of the town, by motion before the circuit court of Jefferson County, or any court having jurisdiction, after ten days' previous notice, to recover from the treasurer and his sureties, or their personal representative, any sum that may be due from said treasurer to said town.

SECTION 37. MOTION AGAINST SERGEANT.

If the Sergeant shall fail to collect, account for and pay over all the taxes, fines and other revenue of the Town in his hands for collection, according to the conditions of his bond, it shall be lawful for the Council to recover the same by motion, in the corporate name of the Town, in the same manner and before the same courts as provided against the Treasurer in Section Thirty-Six of this Act.

SECTION 38. COMMISSIONER OF STREETS.

It shall be the duty of the Commissioner of Streets to superintend the opening, construction and repair of the roads, streets and alleys, sidewalks, crosswalks, footways, drains, and gutters within the said Town, and to put and keep the same in good repair, and to carry into execution all the resolutions, orders and ordinances of the Council in relation thereto.

SECTION 39. EXEMPTION FROM ROAD AND POOR TAX.

The said Town, and the taxable persons and property therein, shall be exempt and free from the payment of any poor taxes or ordinary road tax, and from contributing to any county expenses for the poor and the ordinary roads and bridges of said County, outside of the corporate limits of the said Town, for any year in which said Town shall, at its own expense, provide for its own poor and keep its streets and bridges in order.

SECTION 40. HITCHING YARD.

The Municipal authorities of the Town shall have power to provide, maintain and operate a hitching yard for the use of the public, and to this end may acquire by purchase, condemnation or otherwise, a sufficient amount of real estate, either within or without the corporate limits. It is authorized to make reasonable rules and regulations for the use of the same, including the rights to make reasonable charges against persons using and occupying it; to erect suitable buildings and sheds thereon; to keep the same clean; to provide a watchman or caretaker, and to prescribe his powers, duties and compensation, taking from him such bond as may be thought proper. The County Court of Jefferson County is hereby authorized to appropriate such sums annually as it may think proper for the purpose of maintaining in connection with the authorities of the Town of Charles Town such hitching yard. Should said County Court make such appropriation, rules and regulations respecting the use thereof shall be prescribed by a joint committee of the County Court of Jefferson County and the Council of the corporation of Charles Town. The amount of the appropriation by the County Court in each year shall not be less than one hundred nor more than five hundred dollars.

SECTION 41. FORMER TOLL ROADS WITHIN THE CORPORATE LIMITS.

Nothing contained in this Act shall be deemed to place upon the corporation of Charles Town the duty of maintaining and keeping in good order and repair and covered with gravel such streets and roads within the corporate limits as were formerly toll roads or turnpikes, the duty to maintain which and keep in good order and repair and covered with gravel, is placed upon the County Court by the acts of the legislature of one thousand nine hundred and three, one thousand nine hundred and seven and one thousand nine hundred and nine. The County Court of Jefferson County may, however, upon the request of the Council of the corporation of Charles Town surrender its jurisdiction and control of any or all of such roads or streets within the corporate limits to the corporation of Charles Town; and in such case, the duty of maintaining such streets, and keeping them in good order and repaired and covered with gravel, shall be placed upon the corporation of Charles Town; and in such case the county court of Jefferson County shall pay to the corporation of Charles Town annually such amounts as may be expended by it in maintenance of such roads and streets; or the said County Court of Jefferson County may, at its option, pay to the corporation of Charles Town such lump sum as may be agreed upon between them, in consideration of the corporation of Charles Town assuming jurisdiction of such roads and streets, and becoming liable for their upkeep, maintenance and repair, as aforesaid.

SECTION 42. OTHER PROVISIONS OF LAW APPLICABLE.

The corporation of Charles Town, except as is herein otherwise provided, shall have all the powers, rights and privileges, and be entitled to all the benefits now conferred on municipal corporations by West Virginia Code 8-11-1 et seq. or which may hereafter be granted to municipal corporations by general law.

SECTION 43. RIGHTS RESERVED.

All rights, privileges and properties of the said Town, heretofore acquired and possessed, owned and enjoyed by said Town under any act now in force, shall continue undiminished and remain vested in said Town under this Act; and all laws, ordinances and resolutions of the council now in force and not inconsistent with this Act shall be and continue in full force and effect until regularly repealed by a Council elected as provided under this Act.

SECTION 44. DUTIES OF THE COUNCIL.

The Council shall adopt all needful and just ward regulations, whether general or special, for the good of the citizens thereof. It shall authorize street expenditures in the several wards as equity and justice shall demand; and may authorize the collection of a special tax in any ward of the Town, for a specified purpose within such ward, when requested to do so by a majority of the voters thereof. Whenever in the opinion of the Council it becomes necessary to lay off said Town into more than four wards, the said Council shall lay it off.

SECTION 45. PRISONERS; HOW EMPLOYED.

The Council shall provide for the employment and safekeeping of persons who may be committed for default in payment of fines, penalties, or costs under this Act, and who are otherwise unable to discharge the same, by putting them to work for the benefit of the Town; shall keep on hand an ample supply of necessary material for the same, and shall provide all necessary tools, implements, fixtures, and facilities for the immediate employment of any and all of such persons; shall fix a reasonable rate per diem as wages to be allowed every person, until such fine and costs against him are discharged; and the clerk shall keep an account of all fines and penalties so collected and expended.

SECTION 46. OPENING STREETS.

The Council of said corporation shall be entitled to all the benefits of West Virginia Code 54-1-1 to 54-2-20 for the condemnation of land for streets, alleys and public buildings in said corporation, and the Commissioners appointed under said chapter shall in cases of opening streets or alleys or in widening the same, not only assess what is a just compensation as provided in said chapter, but they shall also assess the damages and benefits to all lot owners or property holders having lots or land adjacent to and abutting on said street or alley, whose lot or land may be benefited or injured by the opening of such street or alley or by the widening of any such street or alley, and shall make report as provided in said chapter, but lot owners and property holders shall be named in the application and served with notice as required by said chapter, and the duties of such Commissioners and their oaths shall cover the duties herein imposed. All assessments for benefits under this Act shall be a lien on the property against which the same are assessed, and may be enforced in a court of equity. But either party to such assessment of damages or benefits shall have the right to call for a jury as provided in said chapter.

AMENDMENT TO THE CHARTER OF THE
CITY OF CHARLES TOWN, WEST VIRGINIA
WITH REGARD TO SECTION 8. TERMS OF OFFICE

BE IT ORDAINED by the City Council of the City of Charles Town as follows:

That Section 8, TERMS OF OFFICE of the Charter of the city of Charles Town be AMENDED pursuant to West Virginia Code 8-4-8, as follows:

SECTION 8. TERMS OF OFFICE.

Their term of office shall be (except when to fill vacancies) for four years, and until their successors elected and qualified, as herein provided; except that the election to be held the fourth Thursday in May, nineteen hundred ninety nine, there shall be one Councilperson from the first, second, third and fourth wards, their terms of office shall be for four years.

Bi-annually thereafter, on the fourth Thursday of May, there shall be elected one Councilperson from each ward, to be voted for throughout the town as hereinbefore provided. The Mayor shall be elected on the fourth Thursday in May, 2001 and every four years thereafter on such Thursday. the Mayor and members of Council elected in May, 1998 shall continue in office until their successors are elected in May, 2001.

BE IT ORDAINED that this Charter Amendment shall take effect and be in full force as provided by West Virginia Code 8-4-8.

CITY OF CHARLES TOWN

By: J. Randolph Hilton
Mayor J. Randolph Hilton

Attest:

Brenda S. Hamilton
Clerk

Date of Public Hearing: September 8, 1998
Enacted/Passed: September 21, 1998

02-19

RESOLUTION NO. 02-08

A RESOLUTION PROMULGATING RULES OF THE COMMON COUNCIL OF THE CITY OF CHARLES TOWN IN ACCORDANCE WITH WEST VIRGINIA STATE CODE §6-9A-3, *Proceedings to be open; public notice of meetings.*

The Common Council of the City of Charles Town recognizes the right of each citizen to be heard before the Council and;

WHEREAS, the Common Council of the City of Charles Town hereby finds and states the following declaration of policy in accordance with West Virginia State Code §6-9A-1:

> That public agencies in this City exist for the singular purpose of representing citizens of this City in governmental affairs, and it is, therefore, in the best interests of the people of this City for the proceedings of public agencies be conducted openly, with only a few clearly defined exceptions. The Common Council hereby further finds and declares that the citizens of the City do not yield their sovereignty to the governmental agencies that serve them. The people in delegating authority do not give their public servants the right to decide what is good for them to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments of government created by them.
>
> Open government allows the public to educate itself about government decision-making through individuals' attendance and participation at government functions, distribution of government information by the press or interested citizens, and public debate on issues deliberated within the government.
>
> Public access to information promotes attendance at meetings, improves planning of meetings, and encourages more thorough preparation and complete discussion of issues by participating officials. The government also benefits from openness because better preparation and public input allow government agencies to gauge public preferences accurately and thereby tailor their actions and policies more closely to public needs. Public confidence and understanding ease potential resistance to government programs.

Accordingly, the benefits of openness inure to both the public affected by governmental decision-making and the decision makers themselves. The Common Council finds, however, that openness, public access to information and a desire to improve the operation of government do not require nor permit every meeting to be a public meeting. The Common Council finds that it would be unrealistic, if not impossible, to carry on the business of government should every meeting, every contact and every discussion seeking advice and counsel in order to acquire the necessary information, data or intelligence needed by a governing body were required to be a public meeting. It is the intent of the Common Council to balance these interests in order to allow government to function and the public to participate in a meaningful manner in public agency decision-making.

WHEREAS, the Common Council of the City of Charles Town intends to adhere to West Virginia State Code §6-9A-3, *Proceedings to be open; public notice of meeting,* that states in part:

> Any governing body may make and enforce reasonable rules and regulations for attendance and presentation at any meeting where there is not room enough for all members of the public who wish to attend. This article does not prohibit the removal from a meeting of any member of the public who is disrupting the meeting to the extent that orderly conduct of the meeting is compromised: Provided, That persons who desire to address the governing body may not be required to register to address the body more than fifteen minutes prior to time the scheduled meeting is to commence.

WHEREAS, the Common Council of the City of Charles Town intends to adhere to West Virginia State Code §6-9A-3, *Proceedings to be open; public notice of meeting,* that further states in part:

> Each governing body shall promulgate rules by which the date, time, place and agenda of all regularly scheduled meetings and the date, time, place and purpose of all special meetings are made available, in advance, to the public and news media, except in the event of an emergency requiring immediate official action.

WHEREAS, the Common Council of the City of Charles Town by this Resolution shall establish and enforce as reasonable regulations the following:

1. To constitute a meeting, the Common Council hereby finds that a meeting is the convening of any public agency for which a quorum is required in order to make a decision or to deliberate toward a decision on any matter that results in an official action.

Resolution No. 02-08

2. That when a governing body holds regular meetings every two weeks, or less frequently, a meeting agenda should be made available to the media and public at least three days in advance of the meeting. In calculating the three-day notice period, Saturdays, Sundays, and legal holidays are not counted. The governing body can amend an agenda that was issued three or more days in advance of a meeting, to add additional items that were not known when the agenda was first issued. However, this amended agenda must be made available at least two days in advance of the meeting. Notices required herein shall be placed on the public notice board at 105 S. George Street, Charles Town, WV.

3. That the right of each citizen to be heard before the Council shall be for an initial period of five minutes. Council may upon motion extend this time period with regard to complex subject matter. That persons who desire to address the governing body shall register to address the body fifteen minutes prior to the time the scheduled meeting is to commence.

4. This Resolution shall not be construed to prohibit the removal from a meeting of any member of the public who is disrupting the meeting to the extent that orderly conduct of the meeting is compromised.

5. All Boards and ~~Committees~~ Commissions of the City of Charles Town shall comply with this Resolution.

6. In keeping with past practice and procedure, the standing committees of the Common Council shall not require a quorum to meet.

7. Exceptions set forth in West Virginia State Code §6-9A-4 are applicable herein.

NOW, THEREFORE, BE IT RESOLVED that the Common Council of the City of Charles Town in Jefferson County of the State of West Virginia hereby proclaims this Resolution a promulgation of rules in accordance with West Virginia State Code §6-9A-3, *Proceedings to be open; public notice of meeting.*

ADOPTED by the City of Charles Town at its regular meeting this 15th Day of July, 2002

CITY OF CHARLES TOWN

J. Randolph Hilton

J. Randolph Hilton, Mayor

Attest: Brenda S Hamilton

Clerk

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Pete Kubic**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Pete Kubic**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

Pete Kubic

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley
Deputy Clerk

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Tommy Stocks**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Tommy Stocks**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

Tommy Stocks

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley
Deputy Clerk

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Bill Kline**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Bill Kline**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

Bill Kline

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley
Deputy Clerk

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **John Kastanek**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **John Kastanek**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

John Kastanek

John Kastanek

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley

Michaela S. Hilley
Deputy Clerk

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Geraldine Willingham**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Geraldine Willingham**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Councilmember Ward IV for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Geraldine Willingham

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J Randolph Hilton

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, William F. JOrdan, Jr., do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, William F. JOrdan, Jr., do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward IV to the best of my skill and judgement, and according to law, So help me God.

William F. Jordan

William F. Jordan, Jr.

the above oath was taken and subscribed this 7th day of June, 1999 before the Judge of the Circuit Court of Jefferson County, WV

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Russell Miller**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Russell Miller**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Councilmember Ward III for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Russell C. Miller

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J. Randolph Hilton

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Matt Ward, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Matt Ward, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward III to the best of my skill and judgement, and according to law, So help me God.

Matt Ward

Matt Ward

the above oath was taken and subscribed this 7th day of June, 1999 before the Judge of the Circuit Court of Jefferson County, WV

Judge

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Randy Breeden, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Randy Breeden, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward I to the best of my skill and judgement, and according to law, So help me God.

Randy Breeden

Randy Breeden

the above oath was taken and subscribed on this 7th day of June, 1999 before the Judge of the Circuit Court of Jefferson County, W.Va.

Judge

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Timothy Robinson**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Timothy Robinson**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Councilmember Ward II for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Timothy W. Robinson

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J. Randolph Hilton

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Jane Arnett**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Jane Arnett**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town City Manager, Treasurer & Utility Board Memeber**, to the best of my skill and judgment, and according to law. So help me God.

Jane E. Arnett
Jane Arnett

The above oath was taken and subscribed by Brenda S. Hamilton, Deputy Clerk for the City of Charles Town, West Virginia on this 19th day of August, 2002.

Brenda S. Hamilton
Brenda S. Hamilton
Clerk

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Violet Lowery**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Violet Lowery**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Councilmember Ward I for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Violet M. Lowery

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J Randolph Hilton

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, John A. Ward, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, John A. Ward, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward II to the best of my skill and judgement, and according to law, So help me God.

John A. Ward

John A. Ward

the above oath was taken and subscribed this 7th day of June, 1999 before the Judge of the Circuit Court of Jefferson County, WV

Judge

ate of West Virginia,

COUNTY OF JEFFERSON, SCT.

Randy A. Breeden, do solemnly swear that I will support Constitution of the United States and the Constitution of the State of West Virginia.

Randy A. Breeden, do solemnly swear that I will faithfully ge and perform the duties of the office of Councilmember Ward I to the best of my skill and judgement, and ing to law, So help me God.

Randy A. Breeden

Randy A. Breeden

ove oath was taken and subscribed to before the Judge of the Circuit Court of Jefferson County, this 2nd day of June, 1997.

Judge

TRUE COPY
TEST:

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **J, Randolph Hilton**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **J, Randolph Hilton**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Mayor for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

J Randolph Hilton

the above oath was taken and subscribed by Brenda S. Hamilton, Clerk for the City of Charles Town, on this 4th day of June, 2001.

Brenda S. Hamilton

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Brenda S. Hamilton**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Brenda S. Hamilton**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Clerk for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Brenda S Hamilton

the above oath was taken and subscribed by J. Randolph Hilton, Mayor for the City of Charles Town, on this 20th day of August, 2001. (Retroactive July 1, 2001 for a two (2) year term – 7/1/01-6/30/03)

J Randolph Hilton

Doc 7-3-02

020161coma070102.wpd

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 1st day of July, 2002.

CASE NO. 02-0161-W-CN

CITY OF CHARLES TOWN WATER DEPARTMENT
Application for a certificate of convenience and necessity to acquire from Huntfield, L.C., a water main, water booster pump and elevated storage tank to serve areas within the City of Charles Town and within unincorporated areas of Jefferson County.

COMMISSION ORDER

Background

On February 11, 2002, the City of Charles Town Water Department filed an application for a certificate of convenience and necessity to acquire from Huntfield, L.C., a water main, water booster pump and elevated storage tank to serve areas within the municipality of Charles Town and within unincorporated areas of Jefferson County. The City estimated acquisition costs to total approximately $1,680,000. The City expects to finance the acquisition with loan proceeds. The City does not propose a rate increase in connection with this case.

By Notice of Filing issued February 14, 2002, the City was ordered to publish notice of its filing once, in Jefferson County.

On March 25, 2002, the City filed affidavits of publication evidencing that the required notice was published on February 28th in the *Spirit of Jefferson Advocate.*

No protests have been filed to this application.

On March 26, 2002, Commission Staff (Staff) filed its Initial Legal Division Memorandum. Staff explained that the City proposes to serve an area known as Huntfield which was recently annexed by the City. Huntfield will contain approximately 3,300

residences and 200,000 square feet of retail space. Sufficient real estate is available for construction of public school facilities. Staff noted that this filing stems from a prior filing of an alternate main line extension agreement. The City plans to issue one or more series of tax exempt bonds to finance the project and to purchase the Locust Hills and Tuscawilla water systems. Huntfield, L.C. will underwrite the debt service on the bonds until such time as the number of new customers in Huntfield is sufficient to generate the revenue necessary to service the debt. Staff stated that its investigation of this case is continuing.

On April 4, 2002, Staff filed an Initial Joint Staff Memorandum again indicating that its investigation is continuing.

On May 3, 2002, Staff filed a Motion to extend its final staff report due date until June 14, 2002. In support of its motion, Staff explained that the Staff engineer assigned to this matter had to relocate his office due to a fire in the office building, which disrupted his work schedule.

By Order issued May 13, 2002, the Commission granted Staff a thirty (30)-day extension to file its final recommendation, and ordered that it be filed on or before June 14, 2002.

On June 14, 2002, Staff filed its Final Joint Staff Memorandum recommending that the Commission grant the City's application.

Staff noted that the project will serve an estimated 3,000 to 4,500 to-be-constructed new residences. Total estimated project costs are $1,800,000 to be financed in full with a loan from Crew and Associates, Inc., over a term of 30 years at an annual interest rate of 5.75%. The City last passed a rate ordinance raising its rates and charges effective October 19, 2001. The City submitted a Rule 42 financial exhibit in support of this application. Staff opined that the City's current rates will provide an adequate cash flow surplus and noted that the developer, Greenfield L.C., will pay most of the debt service payments until the project generates sufficient revenue to cover the debt payments.

Engineering Staff noted that the City's engineer is Greenfield L.C. The property to be developed may include up to 3,000 new residences, in addition to small businesses and a school, with a total equivalent domestic user demand of 3,300. The total project costs break down as follows:

Public Service Commission
of West Virginia

Construction	$1,262,460
Technical Services	
Engineering Design	27,500
Bid Documents	5,000
Construction Inspection	38,500
Other Services	21,500
Land and Rights	Incl. in constr.
Legal & Fiscal Fees	20,000
Administration	10,000
Financing Costs	
Capitalized Interest	20,000
Funded Debt Reserve	113,703
Bond Counsel	63,459
Other costs	2,838
Contingencies	215,040
Total Cost	$1,800,000

This first phase of the project will provide water in anticipation of home construction which is scheduled to occur concurrently. The debt service for the bond issue will be paid by the developer until the project generates sufficient revenue to cover the debt service through domestic and commercial sales.

Staff reviewed the following documents provided by the City:

- Design drawings
- Contract documents

Public Service Commission
of West Virginia

- WV Bureau of Public Health permit
- Preliminary layout of the planned development
- Hydraulic calculations
- Storage tank turnover calculations
- Final engineering report
- Operation and Maintenance cost estimates
- Current plant operators listing

Staff explained that the project will install approximately 2.6 miles of various sizes of water line and provide fire service to the communities. The system will eventually tie into an existing system recently purchased by Charles Town. Future plans call for a second line extension to form a looped system for added water security.

Staff noted that because home construction will be paralleling line construction, the new storage tank may be unable to be utilized until sufficient customers are available to provide the required tank daily turnover. Consequently, the City may be required to provide a hydropneumatic system as an interim supply.

Staff reported that on January 8, 2002, the State of West Virginia Office of Environmental Health Services issued the City of Charles Town Permit No. 15,120 for the project. The project was granted a WVDOH Permit Number 5-02-0105U for installation of approximately 7,568 ft. of line on WVDOH right of way. The approval of the West Virginia Department of Culture and History was obtained with a contingency area defined for protection which will not affect the project. A Corps of Engineer's stream crossing permit has also been obtained.

Staff stated that the project will require approximately 12 right-of-way agreements prior to proceeding. According to the City, all of these have been acquired .

Staff calculated that the final installed cost per customer based on the proposed 3,000 customers is $600. This per customer cost will not be realized until the development is completed over the next 20-25 years. However, the incremental cost of the debt service assigned to the project is fully guaranteed by the developer until the project is self supporting. The debt is financed in the bond issue over a thirty-year term so that revenue should cover all long term costs. Thus, no increase in rates will result due to the project.

Staff noted that customer density is not applicable as a measure of project cost because much more line will be required to serve the final customer base and the final costs are unknown at this time.

Staff reported that the total cost for all engineering services for this project is $92,500. This cost represents 5.1% of project cost and 7.3% of construction cost. Engineering design is only 2.2% of construction cost and inspection is only 3.1%. The extremely low cost results from the fact that the developer is not bound by any State requirement to obtain competitive bids for engineering work. The engineering costs for this project are similar to those experienced by private sector firms doing private sector work.

Staff stated that the Operation and Maintenance costs for the project were estimated based on the O&M costs for the existing system. This cost for the 4,140 customers of the City equates to approximately $12.50 per customer. This cost includes the cost of purchased water from the City of Charles Town.

As Staff noted previously, the cost per new customer is difficult to establish as the developer is guaranteeing the debt service until the project is self supporting. At that time the cost per new customer will equal the total revenue generated at the existing 4,500 gallon tariff rate of $30.00 per month. Based on that information and the O&M and debt service estimates, Staff estimates the number of break-even customers to be approximately 600. Information submitted by the accounting firm predicted 650 customers as the break-even point. After that number is reached, the cost per new customer will continue to drop until a cost approaching the $600.00 level is reached at full build out. The cost at break even is similar to the cost per new customer for fully grant funded projects in other areas.

Staff opined that the proposed tank will have sufficient capacity for many additional customers. Staff noted, however, that the initial daily turnover will not meet the current WVBuPH standard of 20%. Tank fill levels will require adjustment to accommodate that requirement.

The system hydraulic calculations support the statement that no customer will receive less than the required pressure.

With regard to source of supply, Staff noted that the City of Charles Town water plant was upgraded in 1990 to a total capacity of 2.9 million gallons per day (MGD). Of this, current average demand requires only approximately 1.06 MGD of the available capacity. The Huntfield project, when fully completed, will require approximately 0.5 MGD average demand. Thus, the Charles Town plant has more than sufficient capacity for this project. However, as was noted in the resolution of cases 00-1492-W-C and 01-0497-WS-PC, additional demands will be placed on the plant when the Tuscawilla/Locust Hills developments are added to plant demands. Also, the extension to a new industrial park noted in current case 02-0160-W-CN will increase the demand on the plant. As noted in the resolution of the previous cases, existing plant capacity can be increased to

Public Service Commission
of West Virginia
Charleston

4.2 MGD and is likely to occur by the year 2015. Staff concluded, therefore, that the City of Charles Town is in a position to easily accommodate all existing and future demands.

Accordingly, Staff recommended that the Commission:

1. Approve the City of Charles Town's application for a certificate of convenience and necessity to construct a water main extension to the Huntfield development pursuant to *W.Va. Code* 16-13A-25 and 24-2-11;

2. Approve the loan from Crew and Associates, Inc., in the amount of $1,800,000 for 30 years at 5.75% ; and

3. Require that if there are any changes in the scope of the project or the financing, the City of Charles Town be required to seek permission from the Commission before proceeding.

DISCUSSION

Based upon all of the foregoing, the Commission agrees with Staff that the public convenience and necessity require the proposed project, and that this certificate application, and the related financing, should be approved, pursuant to *W.Va. Code* 16-13A-25 and 24-2-11.

FINDINGS OF FACT

1. The City of Charles Town Water Department seeks a certificate of convenience and necessity to acquire from Huntfield, L.C., a water main, water booster pump and elevated storage tank to serve Huntfield development, the Locust Hills development and Tuscawilla Hills development.

2. By Notice of Filing issued February 14, 2002, the City was ordered to publish notice of its filing once, in Jefferson County.

3. On March 25, 2002, the City filed affidavits of publication evidencing that the required notice was published on February 28th in the *Spirit of Jefferson Advocate.*

4. No protests have been filed to this application. (See case file, generally).

5. The project will serve an estimated 3,000 to 4,500 to-be-constructed new residences. Total estimated project costs are $1,800,000 to be financed in full with a loan from Crew and Associates, Inc., over a term of 30 years at an annual interest rate of

5.75%. (See June 14, 2002, Final Joint Staff Memorandum).

6. The City last passed a rate ordinance raising its rates and charges effective October 19, 2001. The City submitted a Rule 42 financial exhibit in support of this application. (Id.).

7. Staff opined that the City's current rates will provide an adequate cash flow surplus and noted that the developer, Greenfield L.C., will pay most of the debt service payments until the project generates sufficient revenue to cover the debt payments. (Id.).

8. Engineering Staff noted that the City's engineer is Greenfield L.C. with which the City has entered into an engineering agreement. (Id.).

9. This first phase of the project will provide water in anticipation of home construction which is scheduled to occur concurrently. (Id.).

10. The debt service for the bond issue will be paid by the developer until the project generates sufficient revenue to cover the debt service through domestic and commercial sales. (Id.).

11. Staff explained that the project will install approximately 2.6 miles of various sizes of water line and provide fire service to the communities. The system will eventually tie into an existing system recently purchased by Charles Town. Future plans call for a second line extension to form a looped system for added water security. (Id.).

12. The City has received the following permits and approvals for the project: (1) January 8, 2002, State of West Virginia Office of Environmental Health Services Permit No. 15,120 for the project; (2) a WVDOH Permit Number 5-02-0105U for installation of approximately 7,568 ft. of line on WVDOH right of way; (3) the approval of the WV Department of Culture and History was obtained with a contingency area defined for protection which will not affect the project; and (4) a Corps of Engineer's stream crossing permit. (Id.).

13. The City represents that it has obtained all necessary rights-of-way. (Id.).

14. The final installed cost per customer based on the proposed 3,000 customers is estimated at $600, to be realized upon completion of the development over the next 20-25 years. (Id.).

15. The project will not result in a rate increase. (Id.).

Public Service Commission
of West Virginia

16. Engineering costs represent 5.1% of project cost and 7.3% of construction cost. The engineering costs for this project are similar to those experienced by private sector firms doing private sector work. (Id.).

17. Operation and Maintenance costs of $12.50 per customer were estimated based on the O&M costs for the existing system and include the cost of purchased water from the City of Charles Town. (Id.).

18. Staff estimates the number of break-even customers to be approximately 600. Information submitted by the accounting firm predicted 650 customers as the break- even point. After that number is reached, the cost per new customer will continue to drop until a cost approaching the $600.00 level is reached at full build out. The cost at break-even is similar to the cost per new customer for fully grant funded projects in other areas. (Id.).

19. Staff opined that the proposed tank will have sufficient capacity for many additional customers, although the tank fill levels will require adjustment to meet the current WVBuPH standard of 20%. (Id.).

20. System hydraulic calculations indicate customers will receive adequate pressure. (Id.).

21. Staff concluded that the City of Charles Town can easily accommodate all existing and future demands. (Id.).

22. Staff recommends that the Commission: (1) approve the City of Charles Town's application for a certificate of convenience and necessity to construct a water main extension to the Huntfield development pursuant to *W. Va. Code* 16-13A-25 and 24-2-11; (2) approve the loan from Crew and Associates , Inc., in the amount of $1,800,000 for 30 years at 5.75% ; and (3) require that if there are any changes in the scope of the project or the financing, the City of Charles Town be required to seek permission from the Commission before proceeding.

CONCLUSION OF LAW

The public convenience and necessity require the proposed project, and this certificate application, and the related financing, should be approved, pursuant to *W. Va. Code* 16-13A-25 and 24-2-11.

ORDER

IT IS THEREFORE ORDERED that the City of Charles Town's application for

Public Service Commission
of West Virginia

a certificate of convenience and necessity to acquire from Huntfield, L.C., a water main, water booster pump and elevated storage tank to serve areas within the municipality of Charles Town and within unincorporated areas of Jefferson County, filed on February 11, 2002, is hereby granted.

IT IS FURTHER ORDERED that the financing of the project in the form of a loan from Crew and Associates , Inc., in the amount of $1,800,000 for 30 years at 5.75%, is hereby approved.

IT IS FURTHER ORDERED that should there be any change in the scope of the project or the proposed financing for the project, the City shall seek permission from the Commission before proceeding.

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

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

JML/ljm
020161ca.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

RPC 6-26-02

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
06-20-02

Entered: May 31, 2002

CASE NO. 01-0497-WS-PC

CITY OF CHARLES TOWN AND
TUSCAWILLA UTILITIES, INC.
Petition for consent and approval
for City of Charles Town to
purchase assets of Tuscawilla
Utilities, Inc.

RECOMMENDED DECISION

On April 16, 2001, the City of Charles Town (City) and Tuscawilla Utilities, Inc. (TUI), filed a joint petition requesting the approval of an asset purchase agreement whereby the City would purchase the TUI water and sewer systems serving the Tuscawilla and Locust Hill communities near Charles Town.

On May 30, 2001, the Commission referred the matter.

On June 13, 2001, Jefferson Utilities, Inc. (Jefferson), protested the application and petitioned to intervene.

On July 26, 2001, the City and TUI were ordered to publish notice of the proposed acquisition. Jefferson was granted intervenor status and the matter was set for hearing to be held on September 11, 2001.

By Procedural Order issued August 6, 2001, the September 11, 2001 hearing was cancelled.

By Commission Order entered September 13, 2001, the Commission rescinded the Referral Order and consolidated the proceeding with Case No. 01-0724-W-CN.

By Commission Order entered October 12, 2001, the Commission consolidated the proceeding with Case Nos. 00-1492-W-PC, 00-1567-WS-PC and 01-0497-WS-PC and set the matter for hearing. A hearing was held in the matter. At the hearing, Jefferson agreed to withdraw its protest of the City's purchase of TUI's facilities.

By Commission Order entered February 1, 2002, the Commission deconsolidated the proceedings and referred Case No. 01-0497-WS-PC back to the Division of Administrative Law Judges. The current decision due date is August 19, 2002.

By Procedural Order issued February 21, 2002, the City and TUI were ordered to publish notice of their joint petition. The Notice provided an opportunity for public protest. On March 25, 2002, the City filed an affidavit of publication indicating that the Notice was properly published in Jefferson County on February 28, 2002.

On April 9, 2002, Staff issued a recommendation. Staff reviewed an addendum to the proposed contract, which had been drafted between the parties but not yet filed. Staff recommended approval of both the original contract and the addendum. Staff recommended that TUI obtain a certificate of convenience and necessity before it constructed the water tank and recommended that TUI petition to reopen Case No. 01-0724-W-PC. Staff further recommended that additional notice be published because the addendum increased the purchase price by approximately $500,000.

By Procedural Order issued April 12, 2002, the City and TUI were required to publish an additional public notice which outlined the increased cost associated with the addendum.

The Procedural Order also required that the City and TUI file the addendum with the Executive Secretary within ten days of the date of the Procedural Order. The Procedural Order also required TUI to petition the Commission to reopen Case No. 01-0724-W-PC, within ten days. The Order also ordered that TUI file with the Commission an application for a certificate of convenience and necessity to construct the planned water tank and booster station.

On April 12, 2002, the parties filed the addendum.

On May 16, 2002, the City filed a publication affidavit which indicated that the additional public notice was published in Jefferson County on April 25, 2002.

There have been no protests filed in this proceeding related to any of the public notices, other than that of Jefferson which has since been withdrawn.

On May 30, 2002, the City moved that the matter be approved without a hearing. The City indicated that TUI and Staff agreed with its recommendation.

The petition should be approved without a hearing. The matter has been repeatedly noticed to the public, including the most recent increase in its estimated cost, and no party has protested the proceeding other than Jefferson. Jefferson has since withdrawn its protest. Staff has recommended that the petition be approved, including the addendum filed on April 12, 2002.

FINDINGS OF FACT

1. On April 16, 2001, the City and TUI, filed a joint petition requesting the approval of an asset purchase agreement whereby the City would purchase the TUI water and sewer systems serving the Tuscawilla and Locust Hill communities near Charles Town. (See petition).

2. The City and TUI have properly published notice of the proposed takeover including the most recent increase in cost as reflected in the addendum filed on April 12, 2002. (See affidavits of publication filed December 4, 2001; January 25, 2002; March 25, 2002; and May 17, 2002).

3. The only protest to the petition has since been withdrawn. (See Commission Order entered February 1, 2002, and file generally).

4. Staff has recommended approval of the purchase agreement filed April 16, 2001, and the addendum filed April 12, 2002. (See Staff Memorandum filed April 10, 2002).

CONCLUSIONS OF LAW

1. The Commission should approve the purchase agreement and addendum.

2. A certificate of convenience and necessity is required for the construction of the storage tank discussed in the addendum.

ORDER

IT IS THEREFORE ORDERED that the purchase agreement filed on April 16, 2001, and the addendum to the agreement filed on April 12, 2002, between the City of Charles Town and Tuscawilla Utilities, Inc., be and hereby, are approved, without specifically approving the terms and conditions thereof.

IT IS FURTHER ORDERED that Tuscawilla Utilities, Inc., obtain a certificate of convenience and necessity from the Commission before proceeding to construction of the storage tank discussed in the addendum.

IT IS FURTHER ORDERED that, if the terms or conditions of the purchase agreement or addendum change, the parties petition the Commission to review such changes before modifying any contracts.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in

writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Decision the order of the Commission sooner than five (5) days after approval of the waiver by the Commission.

K. A. George

Keith A. George
Administrative Law Judge

KAG:dfs
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Public Service Commission
of W. Va. Tariff Office
OCT 26 2001
Special Studies Section
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P.S.C. W. Va. No. 7
Canceling P.S.C. W. Va. No. 6

CITY OF CHARLES TOWN, a municipal corporation

OF

CHARLES TOWN, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Charles Town, Ranson and vicinity, Jefferson County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued October 22, 2001

Effective for service rendered on and after October 19, 2001
or as otherwise provided herein

Adopted by City Council

Issued by CITY OF CHARLES TOWN, a municipal corporation

By J. Randolph Allen

Mayor
Title

RULES AND REGULATIONS

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

APPLICABILITY

Applicable to entire area served

AVAILABILITY

Available for general domestic, commercial and industrial service

(C,A) RATES

First 10,000 gallons used per month	$6.67 per 1,000 gallons
Next 30,000 gallons used per month	$5.67 per 1,000 gallons
Over 40,000 gallons used per month	$4.48 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

(A)	5/8 inch or 5/8 inch x 3/4 inch meter	$ 16.68 per month
(A)	3/4 inch meter	25.02 per month
(A)	1 inch meter	41.70 per month
(O)		
(R)	1 -1/2 inch meter	83.40 per month
(R)	2 inch meter	133.40 per month
(R)	3 inch meter	250.20 per month
(R)	4 inch meter	417.00 per month
(R)	6 inch meter	834.00 per month

(C,A) FLAT RATE

For Domestic, Commercial or Industrial Customers
$30.02 for 4,500 gallons per month

MULTIPLE OCCUPANCY

In apartment buildings, shopping centers or other multiple occupancy buildings, ea[illegible] shall be required to pay not less than the minimum monthly charge provided above

(C,A) CONNECTION CHARGE

A service connection charge of $350.00 shall be paid for all new service connections

(C) Indicates change in text
(A) Indicates increase
(O) Indicates omission
(R) Indicates reduction

(N) DISCONNECT FOR NON-PAYMENT

Whenever water service has been discontinued for non-payment of sewe bills, a disconnection fee of $10.00 shall be charged.

(N) RECONNECTION SERVICE CHARGE

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $10.00 shall be charged.

(C,A) DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall be added to the net current amount unpaid. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RATES FOR FIRE PROTECTION - PUBLIC

Fire Hydrants, each	$72.00 per annum

RATES FOR FIRE PROTECTION - PRIVATE

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	$00.20 per annum

CAPACITY IMPROVEMENT CAPITAL COST FEE

In addition to all the fees provided above, there shall be paid to the City at the time the application is made for connection of an unserved facility to the water system a capacity improvement capital cost fee of $750 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth hereinafter. The funds collected from the capacity improvement capital cost fee shall be maintained in a separate fund by the Water System and shall be used only for the purpose of improving the water system treatment, storage and transmission facilities. These charges shall also be paid by customers of the water system who resell water supplied by the City to its customers in the same amount as if those connected to the resale customer system were to become direct customers of the City. The residential usage equivalent for other than single family residential units for the capacity improvement capital cost fee are as follows:

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

RESIDENTIAL USAGE EQUIVALENTS FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

	UNIT	RESIDENTIAL GALLONS PER DAY	USAGE EQUIVALENT
	Apartments	150/unit	1.0/unit
	Bowling Alleys	200/alley	1.33/alley
	Churches with kitchen	8/member	0.05/member
	Churches w/o kitchen	2/member	0.013/member
	Food Service	32/seat	0.213/seat
	Fast Food Restaurant	35/seat	0.23/seat
	Bar & Cocktail Lounge (additive)	2/patron	0.013/patron
	Tavern-Little or no-food	20/seat	0.132/per seat
(C)	Hotel	120/room	0.8/per room
	Industry, sanitary	15/person/shift	0.1/person per shift
	Institutions		
	Hospital	250/bed	1.67/bed
	Nursing Homes	150/bed	1.0/bed
	Others	75/person	0.5/person
	Office Buildings	15/person	0.1/person
	Laundry Self Service	250/washer	1.67/washer
	Mobile Home Park	150/unit space	1.0/unit space
	Motels	120/room	0.8/room
	Retail Stores	400/toilet room	2.67/toilet room
	Residence	150/residence	1.0/residence
	School:		
	Day, no cafeteria/showers	15/pupil	0.1 /pupil
	Day with cafeteria	18/pupil	0.12/pupil
	Day with cafeteria/showers	20/pupil	0.133/pupil
	Boarding	75/pupil	0.5/pupil
	Service Station	500/set of pumps	3.33/set of pumps
	Shopping Centers	16/100 ft. of sales area	0.12/100 ft. of sales area
	Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
	Theaters:		
	Drive In	4/car space	0.027/car space
	Others	3/seat	0.02/seat
	Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the water department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

(C) Indicates change in text

Public Service Commission
of W. Va. Tariff Office

NOV 01 1999

Special Studies Section

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

CITY OF CHARLES TOWN, a municipal utility

OF

CHARLES TOWN, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Charles Town, Jefferson County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued October 19, 1999

Effective October 22, 1999
or as otherwise provided herein

RECEIVED

Passed by City Council

OCT 29 1999

Public Service Commission of WV
Utilities Division
Special Studies Section

Issued by CITY OF CHARLES TOWN, a public utility

By J. Randolph Tibbs

Mayor

Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Sewerage Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereafter made by the Commission are hereby adopted by reference.

II. MULTIPLE OCCUPANCY
In apartment buildings, shopping centers or other multiple occupancy buildings, each unit shall be required to pay not less than the minimum monthly charge provided above.

RATES

AVAILABILITY

Available for general domestic, commercial and industrial services in entire territory served.

(C,A) **RATE**

First	2,500 gallons used per month	$4.85 per 1,000 gallons
All over	2,500 gallons used per month	3.90 per 1,000 gallons

(A) **FLAT RATE**

Domestic, commercial and industrial — $19.93 per month, based on 4,500 gallons usage per month

MINIMUM BILL

(A) No bill shall be rendered for less than $12.13 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days after the date of the bill, five percent (5%) will be added to the net amount shown. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(N) **DEFERRED PAYMEENT AGREEMENT**

A sewer customer who has been notified that water service is to be terminated for non-payment of sewer bills shall be given the opportunity to enter into a deferred payment agreement: Provided, That such customer has demonstrated an ability to pay but only in installments. The customer shall be informed at the time a disconnect notice is issued of the option for a reasonable payment plan. The terms of such deferred payment agreement are available upon request.

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

CONNECTION FEE

For all those applications for sewer service permits filed with Council a connection fee in an amount of four hundred dollars ($400.00) shall be due and payable on the day the application is made. A connection fee shall be paid by the owner of each parcel of improved property that is to be connected to the sewer system and no such connection shall be made until the fee has been deposited with the City. A connection fee shall be due from each improved property regardless of whether or not connection to the sewer system is made by the owner on a voluntary or compulsory basis at the time

INSPECTION FEE

A fee of twenty dollars ($20.00) shall be charged for inspection of hook-up to the system.

(N) RECONNECT FEE

A fee of ten dollars ($10.00).

(N) Indicates new

November 25, 2002

The Common Council of the City of Charles Town, Jefferson County, West Virginia, met in special session pursuant to the rules of said Common Council in the councilroom of said city on Monday, November 25, 2002 at 6:45 p.m. The following members of Council were present: Randy Breeden, William Jordan, Russell Miller, Timothy Robinson and John Ward. Mayor J. Randolph Hilton presided and Jane Arnett, City Manager, took the minutes of the meeting. Also present were Hoy Shingleton and John Stump of Steptoe and Johnson.

At 6:45 p.m., it was moved by Councilman William Jordan, seconded by Councilman John Ward and unanimously voted to go into executive session to discuss a legal issue. The topic of discussion was a matter involving or affecting the purchase, sale or lease of property, advance construction planning, and the investment of public funds. At 6:50 p.m., it was moved by Councilman John Ward, seconded by Councilman Miller and unanimously voted to reconvene back into the special session.

Mayor Hilton read by title and opened the floor for discussion regarding the first reading of the proposed ordinance, "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS AND SEWERAGE PORTIONS OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOTE MORE THAN $7,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C: PROVIDING FOR THE RIGHTS AND REMEDITIES OF AN SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND, AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, ACONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND THE ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS". Upon discussion, it was moved by Councilman John Ward, seconded by Councilman Jordan and unanimously voted to approve the first reading of the proposed ordinance, "AN ORDINANCE

AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS AND SEWERAGE PORTIONS OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOTE MORE THAN $7,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C: PROVIDING FOR THE RIGHTS AND REMEDITIES OF AN SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND, AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, ACONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND THE ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS", to more specifically describe the projects to be financed with the proceeds of the bonds.

At 7:00 p.m. it was moved by Councilman John Ward, seconded by Councilman Breeden and unanimously voted to adjourn.

MAYOR: J Randolph Smith Date: 12-02-02

CLERK: Jane E. Arnett Date: 12-2-02
(In absence of Clerk)

December 2, 2002

The Common Council of the City of Charles Town, Jefferson County, West Virginia, met in regular session pursuant to the rules of said Common Council in the councilroom of said city on Monday, December 2, 2002 at 7:30 p.m. The following members of Council were present: Randy Breeden, William Jordan, Violet Lowery, Russell Miller, John Ward and Matthew Ward. Mayor Pro-tem Geraldine Willingham presided in the absence of the Mayor and Brenda S. Hamilton, Clerk took the minutes of the meeting. Also present were Jane Arnett, City Manager and Chief W. Michael Aldridge.

It was moved by Councilman Breeden, seconded by Councilwoman Lowery and unanimously voted to dispense with the reading of the minutes dated November 4, 2002 and November 25, 2002. It was moved by Councilman Matthew Ward, seconded by Councilman John Ward and unanimously voted to approve said minutes dated November 4, 2002 and November 25, 2002 as received.

Mayor Pro-tem Willingham informed that due to an emergency the Mayor would not be in attendance this evening.

Mayor Pro-tem Willingham informed of a change in the agenda this evening regarding annexations. Mrs. Arnett stated that she had received letters, one (1) from Herb Yonkers and Gene Capriotti to withdraw their Petition of Annexation for the portion of the present and/or former U.S. Route 340 extending from the municipal boundaries in an easterly direction to a point fifty (50) feet east of the intersection of the Country Club and Marlowe Roads, lands of the Tri-State Baptist Church containing 5 acres, and lands of Jefferson Food, Inc. containing approximately 38 acres adjoining the City of City of Charles Town. And the second letter from Mr. Christopher Shultz to withdraw his Petition of Annexation for the parcel of real estate situate in the Charles Town District of Jefferson County, West Virginia, more particularly described as Lot #3 in a plat made by J.K. Hendricks, Surveyor, dated October 26, 2002 and recorded in Deed Book 105, at Page 455 containing approximately 102 ¾ acres identified as Tap Map 16, Parcel 6 (Roper) – Stolipher Property adjoining the City of Charles Town and the properties of Lee F. Elliott, Thornhill LLC, Donald L. Ott and the State of West Virginia

containing approximately 563.068 acres adjoining the City of Charles Town. She further informed that these were items 2,3,4 on the agenda.

Mayor Pro-tem Willingham opened the floor for public comments.

Lynn Widmyer of Rt. 4, Box 270, Charles Town, WV appeared before Council and questioned as to the rules for reapplying to annex after pulling requests for annexation. Mayor Pro-tem Willingham informed that they would have to begin the entire process over again by petitioning Council. Councilman Matthew Ward stated that state law allows all to apply as many times as they wished.

Ellen May appeared before Council and questioned how would the public be informed if an application is made again. Mayor Pro-tem Willingham stated that notice would be posted three (3) days before the meeting of Council.

Eugene Pearson of John Rissler Rd. and Fry's Lane appeared before Council and questioned if there were any other way of notification to the public other than postings on the door. Mayor Pro-tem informed that the City postings of notification were as required by State Law.

Dave Barnes of 501 South Mildred Street, Charles Town appeared before Council to express his concerns regarding annexations in Charles Town and stated the mood of the community, even though the petitions for annexation had been withdrawn. He requested that Council discontinue annexations into the City until all facts of the costs/impacts and results of studies were received.

Mayor Pro-tem requested if there were any comments from Council. Councilman Matthew Ward stated that he really believed that the citizens of Charles Town are against the rapid growth that is facing them. He said that the voices of the local citizens are calling on Council to slow down and better manage the growth that is coming to Jefferson County. He added that the citizens were tired of the strong arm tactics of some of the developers and why development decisions are being made without proper notice. He added that Council should set a boundary for future growth and coordinate with surrounding cities on long term issues. He also added that policies should be in place so that we don't continue "the seat of the pants growth anymore".

Steve Kubik of 31 Panorama Court, Charles Town, WV appeared before Council and expressed his concerns regarding obtaining public records from the City of Charles

Town in that he was requested to complete a Freedom of Information Act request for public information.

Mayor Pro-tem Willingham read by title and opened the floor for discussion regarding the second reading of the proposed ordinance, "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS AND SEWERAGE PORTIONS OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $7,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C: PROVIDING FOR THE RIGHTS AND REMEDITIES OF AN SECURITY FOR THE REGISTRED OWNERS OF SUCH BOND, AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND THE ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS". Upon discussion, it was moved by Councilman Matthew Ward, seconded by Councilman John Ward and unanimously voted to approve the second reading of the proposed ordinance, "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS AND SEWERAGE PORTIONS OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $7,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C: PROVIDING FOR THE RIGHTS AND REMEDITIES OF AN SECURITY FOR THE REGISTRED OWNERS OF SUCH BOND, AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND

OTHER DOCUMENTS RELATING TO THE BONDS; AND THE ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS".

Mayor Pro-tem Willingham opened the floor for recommendations from the Planning Commission. Councilman Matthew Ward requested to skip the recommendations on the three (3) petitions that were withdrawn and go right to the Wu Property. Mayor Pro-tem Willingham informed that would be fine. Councilman Matthew Ward informed that the Planning Commission had met and makes the following recommendations for the Wu Property Proffer – Lot 1A containing 16 acres:

He informed that this property is located directly behind the new fire station and the town house development currently under development. It is bounded on three sides by the City and is contiguous to the city. The applicant is seeking multi-family zoning. A motion was made by Scott Coyle to recommend multifamily zoning for the property. The motion was seconded by Doug Vaira. The motion carried, all members voting in favor of the motion. The recommendation to Council from the Planning Commission is to recommend Multifamily Residential Zoning for the property.

Mayor Pro-tem Willingham read by title and opened the floor for discussion regarding the first reading of the proposed ordinance, "Annexing Lot 1A, contiguous on three of four sides with the territory of Charles Town Municipal Corporation, as depicted on the "Final Plat showing...Lots 1A, 1B, & 1C... Gene Capriotti/Athey Minor Subdivision" by Karen K. Beglen, West Virginia PS No. 908 in the Office of the Clerk of Jefferson County, West Virginia, of record from Plat Book 18 on Page 11 that contains approximately 16 acres adjoining the City of Charles Town". Councilman Matthew Ward stated that the developer proposed to develop a project with affordable housing for the community. He added that they proposed in their proffers that they would not pay impact fees for any residential unit built as affordable to moderate and low income households per the formula 3.5 times the annual median household income for Jefferson County published in the Federal Register by the U.S. Department of Housing and Urban Development from time to time. He added he had concerns regarding this and requested that the City Manager obtain the median household income for Jefferson County. Mrs. Arnett informed that the median household income was $44,000.00 and that would equal the cost of $155,309.00 per unit. Councilman Matthew Ward recommended that the City

receive the proper impact fees; to keep at affordable housing levels; to stay at three (3) times the median housing income and obtain a commitment from the developer for a tot lot playground for the community. Upon further discussion, it was moved by Councilman Matthew Ward to condition any approval of the Wu Property annexation on the development of open space tot lot playground and the development of a community meeting place for the neighborhood and the condition that the determination of what is affordable drops from 3.5 to 3.0 annual median housing income and that the impact fee be waived for that affordable housing. Said motion was seconded by Councilman Jordan. The vote was unanimous for the first reading of the proposed ordinance annexing Lot 1A, contiguous on three of four sides with the territory of Charles Town Municipal Corporation, as depicted on the "Final Plat showing...Lots 1A, 1B, & 1C... Gene Capriotti/Athey Minor Subdivision" by Karen K. Beglen, West Virginia PS No. 908 in the Office of the Clerk of Jefferson County, West Virginia, of record from Plat Book 18 on Page 11 that contains approximately 16 acres adjoining the City of Charles Town.

Mayor Pro-tem opened the floor for discussion regarding the Brownfields Grant. Councilman Matthew Ward distributed a flyer entitled Charles Town/Ranson Commerce Corridor Brownfields Revitalization to all members of Council for reviewal. He informed that the City of Charles Town and the City of Ranson have joined together to submit a grant application to the U.S. Environmental Protection Agency for clean-up grant funding for city owned property. He stated that the application was due on December 16, 2002. He added that Charles Town and Ranson were considering the following potential sites for clean-up. He added that it is not certain that these sites were contaminated:

1. $100,000 in grant funds for the Charles Town Public Works Yard;
2. $75,000 in grant funding for Ranson Lakeland Place landfill site;
3. $25,000 in funding requested for Ranson Warehouse/convention Center site;
4. $25,000 in funding requested for Charles Town CSX/Ranson CSX corridor site;
5. $10,000 in funding requested for Charles Town North Evitts Park site.

He added that funding for privately owned sites was available through the West Virginia Department of Environmental Protection, including up to $400,000 in clean-up grants and up to $600,000 in low-interest clean-up loans which would equal $1,000,000 in grants. He added that this funding request would require that Charles Town provide up

to $24,500 in cash or in-kind matching and that matching can be provided by labor, materials, staff and other in-kin services. He further added that the Charles Town Building Commission (who is the legal owner of the properties) would consider this funding application on December 10, 2002 and that the Commerce Corridor Council, an advisory council of citizens and businesses for the project will convene on December 9, 2002. He requested approval from Council to submit the application by December 16, 2002 with the attached letter dated December 16, 2002 from the City of Charles Town, City of Ranson and Charles Town Building Commission and then if the application makes the cut to go before the Finance Committee to request the matching funds. Said request was motioned for approval by Councilman John Ward. Mayor Pro-tem Willingham requested if there were any questions from members of Council. Councilman Breeden questioned if the $25,000 requested for the CSX site was seen as publically owned property. Councilman Matthew Ward stated that if funds are awarded, and the City did not own the property due to present negotiations, then the funds would be returned and not spent at CSX. Councilman Breeden suggested that it would be proper to find out from CSX if the property was to be conveyed to the City prior to applying for the grant than have the funds removed after the fact. He requested that the matter be tabled until the next meeting of council to confirm all the facts through the Street Committee and to further see if the funding is available through the Finance Committee. Councilman Matthew Ward recommended to exclude CSX and submit the application with the remaining properties to meet the deadline. Upon further discussion it was moved by Councilman Breeden to exclude item #4 – CSX property until such time as the City may receive further information regarding this property. Said motion was removed due to the fact that a previous motion was on the floor from Councilman John Ward. Councilman John Ward stated that he would amend his motion to add the removal of item #4 - $25,000 in funding requested for Charles Town CSX/Ranson CSX corridor site. Councilman Breeden questioned the costs for the administration of the grant in that staffing was overwhelmed with present duties. Councilman Matthew Ward stated that funds would be included in the grant for staffing outside the City. Mayor Pro-tem Willingham stated she agreed with Councilman Breeden in that the City's plate was full

presently for its staff. Upon further discussion, the amended motion by Councilman John Ward was seconded by Councilman Jordan. The vote was 4-3 against said motion.

COMMITTEE REPORTS:

Finance Committee: Councilman Breeden informed that the Finance Committee had met and makes the following recommendations:

1. A Christmas Bonus of $100.00 for full-time employees and a Christmas Bonus of $75.00 for part-time employees;
2. That $5,000.00 be granted to the Old Opera House from the Hotel/Motel Grant Fund to replace/repair the heating and air conditional unit;
3. The purchase of lapel microphones for each member of Council in the amount of $1,600.00.

It was moved by Councilman Breeden, seconded by Councilwoman Lowery and unanimously voted to accept and approve the recommendations of the Finance Committee as stipulated above.

It was moved by Councilman Breeden, seconded by Councilman John Ward and unanimously voted to refer the Petition for Annexation of Hayes Family and US Route 340 bypass to the Finance Committee and the Planning Commission. It is noted that recommendations from both committees would be placed on the December 16th, 2002 agenda.

It was moved by Councilman Breeden, seconded by Councilwoman Lowery and unanimously voted to approve all bills as received.

At 8:36 p.m., it was moved by Councilman Jordan, seconded by Councilman Breeden and unanimously voted to go into executive session. The topic for discussion was one (1) legal issue to discuss a matter involving or affecting the purchase, sale or lease of property, advance construction planning and the investment of funds.

At 9:07 p.m., it was moved by Councilman Breeden, seconded by Councilman John Ward and unanimously voted to reconvene back into regular session.

At 9:08 p.m., it was moved by Councilman John Ward, seconded by Councilman Miller and unanimously voted to adjourn.

MAYOR PRO-TEM: Randolph Smith Date: 12-16-02

CLERK: Brenda S Hamilton Date: 12-16-02

December 16, 2002

The Common Council of the City of Charles Town, Jefferson County, West Virginia, met in regular session pursuant to the rules of said Common Council in the councilroom of said city on Monday, December 16, 2002 at 7:30 p.m. The following members of Council were present: Randy Breeden, William Jordan, Violet Lowery, Russell Miller, Timothy Robinson and Matthew Ward. Mayor J. Randolph Hilton presided and Brenda S. Hamilton, Clerk took the minutes of the meeting. Also present were Jane Arnett, City Manager and Chief W. Michael Aldridge.

It was moved by Councilwoman Lowery, seconded by Councilman Breeden and unanimously voted to dispense with the reading of the minutes dated December 2, 2002. It was moved by Councilman Matthew Ward, seconded by Councilman Robinson and unanimously voted to approve said minutes dated December 2, 2002 as received.

Mayor Hilton thanked City Manager Jane Arnett and Councilwoman Geraldine Willingham for all their work in preparation for the Parade of Horses. He stated it was a great success.

Mayor Hilton read by title and opened the floor for discussion regarding the third reading of the proposed ordinance, "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS AND SEWERAGE PORTIONS OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $7,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C: PROVIDING FOR THE RIGHTS AND REMEDITIES OF AN SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND, AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND THE ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS". Vince Collins of Steptoe & Johnson appeared before Council. He stated that these bonds were broken up

into two (2) series, 2002C for $4,135,000 at a rate of 3% -5% and is insured and a 3rd Series 2003 A for $1,000,000 at a rate of 5.5% to 5.625% and is not insured. He stated that they hoped to close the 2002C by Friday and the 2003A to close by January 15, 2003. He further added that the first and only reading of a Supplemental Resolution would be held following the adoption of this ordinance. It is noted that there were no comments from the public. Upon further discussion, it was moved by Councilman Robinson, seconded by Councilman Miller and unanimously voted to approve and adopt said ordinance effective immediately. Refer to Bond Book A for the complete Ordinance.

Mayor Hilton read by title and opened the floor for the first and final reading of a "SUPPLEMENTAL RESOLUTION – SUPPLEMENTAL RESOLUTION SETTING THE AMOUNTS, MATURITIES, INTEREST RATES, PRICES AND OTHER DETAILS AS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C (INSURED) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT-UNINSURED), OF THE CITY; AUTHORIZING AND APPROVING BOND PURCHASE CONTRACTS, CONTINUING DISCLOSURE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE FOR THE SERIES 2002 C ONDS, REGISTRAR AGREEMENTS, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; IMPLEMENTING PROVISIONS REQUIRED AS A CONDITION TO OBTAINING A MUNICIPAL BOND INSURANCE POLICY INSURING THE SERIES 2002 C BONDS FROM MBIA INSURANCE CORPORATION; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS". Upon discussion, it was moved by Councilman Robinson, seconded by Councilman Jordan and unanimously voted to approve and adopt said "SUPPLEMENTAL RESOLUTION - SUPPLEMENTAL RESOLUTION SETTING THE AMOUNTS, MATURITIES, INTEREST RATES, PRICES AND OTHER DETAILS AS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C (INSURED) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT-

UNINSURED), OF THE CITY; AUTHORIZING AND APPROVING BOND PURCHASE CONTRACTS, CONTINUING DISCLOSURE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE FOR THE SERIES 2002 C ONDS, REGISTRAR AGREEMENTS, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; IMPLEMENTING PROVISIONS REQUIRED AS A CONDITION TO OBTAINING A MUNICIPAL BOND INSURANCE POLICY INSURING THE SERIES 2002 C BONDS FROM MBIA INSURANCE CORPORATION; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS" effective immediately. Refer to Bond Book A for the complete Resolution.

Mayor Hilton read by title and opened the floor for the second reading of the proposed ordinance, "AN ANNEXATION ORDINANCE ANNEXING THE PROPERTY OF Marie WU, as trustee of the TSE-SHIUNG, M.D.P.A. PROFIT SHARING PLAN & TRUST 16.00 ACRES ADJOINING THE CITY OF CHARLES TOWN". Upon discussion, it was moved by Councilman Robinson, seconded by Councilwoman Lowery and unanimously voted to approve and adopt said Ordinance effective immediately and as follows:

AN ANNEXATION ORDINANCE ANNEXING THE PROPERTY OF Marie Wu, as trustee of the TSE-SHIUNG WU, M.D.P.A. PROFIT SHARING PLAN & TRUST 16.00 ACRES ADJOINING THE CITY OF CHARLES TOWN

WHEREAS, West Virginia Code 8-6-4 permits a municipality to, by ordinance, annex additional territory without ordering vote on the question if (1) a majority of the qualified voters of an additional territory file with the governing body a petition to be annexed and (2) a majority of all freeholders of the additional territory, whether they reside or have a place of business therein or not, file with the governing body a petition to be annexed, and

WHEREAS, Marie Wu, as trustee of the TSE-SHUING WU, M.D.P.A. PROFIT SHARING PLAN & TRUST has filed with the Council of the municipality his petition, as the sole and only freeholder, pursuant to the West Virginia Code 8-6-4, seeking to have the additional territory annexed into the City of Charles Town, and

WHEREAS, the City Council finds, from the petition, that there are no qualified voters residing in the additional territory and that a freeholder's petition is the only petition necessary for annexation pursuant to West Virginia Code 8-6-4, and

WHEREAS, upon Council's review of the petition, the petition seeks to have the parcel of real estate which is attached to the petition in Exhibit A annexed in to the City of Charles Town and that Marie Wu, as trustee of the TSE-SHIUNG WU, M.D.P.A. PROFIT SHARING PLAN & TRUST represents a majority of the freeholders in the area to be annexed, and

WHEREAS, the City Council has determined that the property sought to be annexed is contiguous and adjacent to the municipal boundary line of the City of Charles Town pursuant to the description attached to said petition, and

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the municipality of City of Charles Town (1) adopts the recitals set forth above as true and correct and that they are hereby incorporated in the ordinance as if set out in full, (2)

hereby finds and is satisfied that the petition is sufficient in every respect and that the recorder is directed to enter this fact upon the City's journal and forward a certificate to that effect to the County Commissioner of Jefferson County, West Virginia requesting that they enter an Order annexing the property in the petition to the municipality of City of Charles Town. Further, after the date of the entry of the County Commission's Order, the corporate limits of the municipality of Charles Town shall be as set forth therein.

City of Charles Town

By: /s/ J. Randolph Hilton
J. Randolph Hilton, Mayor

First Read:
Date: December 2, 2002

Second Read:
Date: December 16, 2002

Mayor Hilton read by title and opened the floor for discussion regarding a "RESOLUTION" accepting the Proffers for Annexation of Wu Property. Upon discussion, it was moved by Councilman Matthew Ward, seconded by Councilman Miller and unanimously voted to accept and approve said Resolution with the Amended Proffer Agreement for the Annexation of Lots 1A, 1B & 1C containing approximately 16 acres adjoining the City of Charles Town effective immediately and as follows:

RESOLUTION

WHEREAS, the developer's of the Wu property presented their petition for annexation for their property to the Mayor and City Council at a regular council meeting of the City Council held on October 7, 2002, and

WHEREAS, the said Petition for Annexation was received, accepted and approved by City Council at said meeting, and

WHEREAS, by action of the City Council taken at said meeting, the Petition for Annexation was referred to the Finance Committee of the City for further review and analysis, and

WHEREAS, said Finance Committee has convened on October 14, 2002, and after review of the information presented to it at that date, has reached certain conclusions and has made recommendations, and

WHEREAS, Petition for Annexation was next referred to the City of Charles Town Planning Commission for further review and analysis for its recommendation to council as to the appropriate zoning for the proposed area on November 25, 2002, and

WHEREAS, at said meeting of the Planning Commission they adopted a recommendation that the property be zoned Residential Multi-Family (RM), and

WHEREAS, through direct negotiation, the developer's of the Wu Property, the Planning Commission, the Finance Committee and the City Council of the City of Charles Town have compiled a list of proffers to be made by the developer's of the Wu Property as the owners of the property which is subject to the annexation for the use and benefit of the City of Charles Town (hereinafter attached to as Wu Property Proffer Statement, Exhibit 1) in consideration ultimately of the zoning classification of RM, and

NOW, THEREFORE, WITNESSETH: That the developer's of the Wu Property and others signing the aforesaid Petition and the City of Charles Town agree as follows:

A. The City will, by ordinance as provided in 8-6-4 of the West Virginia Code, annexing the corporate boundaries of Charles Town the territory known as the Wu Property.

B. The City will subject the territory so annexed to Residential Multi-Family zoning.

C. The developer's of the Wu Property will proffer all terms set forth in Exhibit 1 hereof for the use and benefit of the City of Charles Town and/or the Jefferson County Board of Education as the case may be upon the terms and conditions herein set forth.

D. The developer's of the Wu Property agree to execute further assurances or agree as may be required by the City with such assurances and agreements to bind the owners of the property sought to be annexed, their successors and assigns to the terms of the list of the proffers.

NOW, THEREFORE, BE IT RESOLVED: By the City Council of the City of Charles Town, to accept and approve the ordinance for annexation of the Wu Property and to incorporate the same within the corporate boundaries of the City of Charles Town, pursuant to 8-6-4 of the West Virginia Code.

Dated December 16, 2002.

/s/ J. Randolph Hilton
J. Randolph Hilton, Mayor

/s/ Brenda S. Hamilton
Witness: Brenda S. Hamilton, Clerk

EXHIBIT 1
Wu Property Proffer
List of Proffers
Upon Annexation Into the City of Charles Town
Lot 1A containing 16 acres

TRANSPORTATION:

The developers of the Wu Property and their assigns will maintain a commitment to participate with the City of Charles Town and other developments to pay for a pro-rata share of required improvements directly attributable (in part) to the Wu Property including but not limited to Belvedere Drive, Citizens Way and Crescent Drive.

HISTORY:

The developers of the Wu Property and their assigns proffer to provide any historic or archeological reports and studies, as required by the State Historic Preservation Office, Division of Culture and History or by the City of Charles Town's Historic Landmarks Commission.

SOILS:

The developers of the Wu Property and their assigns proffer to maintain a commitment to identify any potential environmental hazards and to participate in any Voluntary Remediation Program under the Department of Environmental Protection and the City of Charles Town.

OVERALL PLANNING:

The developers of the Wu Property and their assigns agree to work with the City of Charles Town to preserve as many mature trees as possible within the development.

CONDITIONS OF DEVELOPMENT:

This property shall be developed as a residential multi-family zone.

A minimum fifty (50) foot landscaped and bermed buffer shall be provided along the Belvedere Heights neighborhood property line.

Development of an "open space tot lot playground".

Development of a "community meeting place".

OTHER CONTRIBUTIONS:

To offset its proportionate share of capital improvements and operating costs brought about by the development of the Wu Property, the developer of the Wu Property and their assigns proffer to pay the City of Charles Town the sum of $700.00 per dwelling unit or adjusted figure as defined herein. This payment shall be due and payable upon the issuance of a building permit(s) for each dwelling unit.

The City of Charles Town is currently conducting a review/study of the Fiscal Impact of new development. Upon the completion of this review and thereafter, approximately every 3 years, the per unit proffer shall be the subject to adjustment at the conclusion of each review, prepared by a consultant of the City of Charles Town's choosing, and shall be consistent with the findings and conclusions of the review. The cost of the independent reviews is to born equally by the City and the developer(s). The developers of the Wu Property and their assigns shall have the right of third party review of the current study and each tri-annual study. Should the City and developers of the Wu Property and their assigns not agree on the adjustment of the proffered fee, then both parties agree to submit to binding arbitration by the American Arbitration Association in order to determine the amount the adjustment.

The "Other Contribution" shall be waived for every residential unit built as affordable to moderate and low income households per the following formula:

> Cost of residential unit shall be not more than 3 x the annual median household income for Jefferson County as published in the Federal Register by the U.S. Department of Housing and Urban Development from time to time. If rental units are created, the rent shall be affordable to moderate and low income in accordance with the formulas set forth by the U.S. Department of Housing and Urban Development.

For The Wu Property:

/s/ Marie Wu, Trustee
By: Marie Wu, Trustee of the TSE-SHIUNG WU,
M.D.P.A. Profit Sharing Plan & Trust

/s/ Louis B. Athey
By: Louis B. Athey
County Green, LLC

Councilman Jim Hunt of the City of Clarksburg appeared before Council to discuss their Residential Demolition Program. He discussed having some tools in place:

1. A database of properties that fits the criteria and is qualified as vacant and dilapidated. (The City has completed.)

2. Ranking Criteria which is set by Council.
   (a) Important asset- property at gateway or in an oblivious area;
   (b) Environmental issues – costly;
   (c) Property value;
   (d) Historical ranking.

3. Working with owner before taking action by Code Department.
   (a) Document everything
   (b) Notice by letter
   (c) Enforcement – by citation
   (d) Acknowledge by City to owner if property is cleaned up properly
   (e) Be Consistent

4. Offer Options
   (a) Financial Assistance (loans)

(b) Habitat for Housing Program

Mayor Hilton thanked Mr. Hunt for attending and his assistance on this vital topic.

Jim Duszynski and Ralph Hayes appeared before Council. Mr. Duszynski requested on behalf of the family the annexation of five (5) parcels of contiguous property owned by the Hayes Family and US Route 340 Bypass. Upon discussion, it was moved by Councilman Robinson, seconded by Councilwoman Lowery and unanimously voted to refer said request to the Finance Committee and the Planning Commission.

Mayor Hilton opened the floor for discussion regarding "RESOLUTION NO. 02-15 – Governor's Community Partnership Grant Program 2003". Mrs. Arnett informed that these funds were re-diverted from partnership monies to directly benefit the Downtown Revitalization Project. She added that they had sought approval from the Economic Development Office and that this Resolution was required to authorize the agreement. Upon discussion, it was moved by Councilman Robinson, seconded by Councilman Jordan and unanimously voted to approve and adopt said "RESOLUTION NO. 02-15 – Governor's Community Partnership Grant Program 2003" effective immediately and as follows:

RESOLUTION NO. 02-15

WHEREAS, seven thousand ($7,000) dollars in Governor's Community Partnership Grant Program is requested by the City of Charles Town to undertake all duties, tasks and functions necessary to improve the City's central business district by installing new street lampposts and lights; and,

WHEREAS an application for these funds must be made to the West Virginia Development Office, and;

WHEREAS, the Governor's Community Partnership Grant Program requires that a local government unit sponsor said application; and,

WHEREAS, The Governor's Community Partnership Grant Program requires that a local government unit enter into a contractual agreement with the West Virginia Development Office to receive and administer grant funds pursuant to the terms and conditions of such contractual agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF CHARLES TOWN, WEST VIRGINIA, that the Mayor be authorized to make application for seven thousand dollars ($7000) in Governor's Community Partnership Grant Program funds for the City of Charles Town, that he is hereby authorized to execute said agreement and any other documents on behalf of the Council, and that he be empowered to sign the application, contract, and any agreement necessary to obtain these funds.

Adopted this 16th day of December, 2002

CITY OF CHARLES TOWN

/s/ J. Randolph Hilton
J. Randolph Hilton, Mayor

Attest:

/s/ Brenda S. Hamilton
Clerk

Mayor Hilton opened the floor for discussion regarding a personnel matter. Councilman Robinson, Councilman Breeden, Councilman Miller, Councilman Jordan and City Manager Jane Arnett stated their concerns and opinions regarding negative comments made by Councilman Matthew Ward at the last meeting of Council in a public forum. Mayor Hilton stated that the Council was in need of a Retreat to establish a growth boundary and set annexation policies. He further stated that members of Council should be respectful and patient with each other, to move forward and not get personal.

Mrs. Arnett informed that she was in receipt of a letter of resignation from Annette van Hilst, contracted Zoning Administrator effective December 31, 2002. Upon discussion, it was moved by Councilman Jordan, seconded by Councilman Robinson and unanimously voted to accept said resignation with regret.

Mayor Hilton read in its entirety and opened the floor for discussion regarding a "JOINT RESOLUTION" by the Building Commission and the City Council of the City of Charles Town regarding recognition of Peter Chakmakian for restoration and reuse of historic buildings with the downtown area. Upon discussion, it was moved by Councilman Breeden, seconded by Councilman Miller and unanimously voted to approve and adopt said Resolution effective immediately and as follows:

JOINT RESOLUTION
BY THE BUILDING COMMISSION AND THE CITY COUNCIL
OF THE CITY OF CHARLES TOWN

WHEREAS Rouss Hall is an historic building located in the City of Charles Town and was formerly used as a fire station, City Hall & Masonic Lodge,

WHEREAS Rouss Hall had over the years fallen into disrepair;

WHEREAS the City council and the Building Commission had inadequate funds to undertake the repair of Rouss Hall;

WHEREAS The Building Commission entered into an agreement with First Charles Town Group whereby First Charles Town Group to lease and renovate Rouss Hall

WHEREAS First Charles Town Group has successfully renovated Rouss Hall and previously had expanded St. Margaret Hall for use as a Judicial Center; and

WHEREAS the Building Commission & the City Council want to encourage and recognize the restoration and reuse of historic buildings within the Down Town;

NOW, THEREFORE BE IT RESOLVED that the Building Commission and the City Council do recognize First Charles Town Group and particularly Peter Chakmakian for his efforts in restoring Rouss Hall, and furthermore;

The Building Commission and the City Council also recognize Mr. Chakmakian for having both the imagination and willingness to invest time and money to bring old buildings to new life and furthermore

The Building Commission and the City Council thank Mr. Chakmakian for his efforts in improving the appearance of the 100 Block of south George Street.

AND NOW THEREFORE BE IT PROCLAIMED that the Building Commission and the City Council do recognize Mr. Chakmakian for his cooperation and efforts in restoring Rouss Hall and do Order that this resolution be presented to Mr. Chakmakian to recognize these accomplishments.

Adopted this date of December 10, 2002 by the Building Commission of the City of Charles Town and,

Adopted this date of December 16, 2002 by the Mayor and Council of the City of Charles Town.

SIGNED AND SEALED
John McIlroy, Chair

Attest:
Annette G. van Hilst, Secretary

SIGNED AND SEALED
J. Randolph Hilton, Mayor

Attest:
Brenda Hamilton, Clerk

COMMITTEE REPORTS:

Street Committee: Mrs. Arnett informed that the contractors for the Washington Corridor Revitalization Project would start on January 2, 2002 and that the Bradford Pear trees project would begin on January 6, 2003. She informed that suggestions for parking downtown would be advertised as well as posted. She added that decisions needed to be made this evening regarding construction materials that must be ordered by December 31, 2002. Councilman Breeden of the Street Committee requested that Council assist in some decisions on the project. He displayed three (3) types of brick pavers for Council to choose for the walkway. Council chose the Charles Town brick paver terracotta. He also stated members of the Street Committee went to Sterling, Virginia to pick out the stone for the stairs at the Courthouse for the Contractors to match up with the existing wall at the Courthouse. He requested if Councilman Ward had any information regarding grant funding. Councilman Matthew Ward stated that the City had been earmarked to receive approximately $300,000.00 in the Senate Bill and $400,000.00 in the House Bill from Gateway Revitalization Grants and that it could total receiving up to $350,000.00 upon which they could shift $200,000.00 from the Gateway to the Downtown Revitalization Project. He added that the bad news is that we don't have transportation bills complete at this time and propose this won't be done until January 25th. Councilman Breeden stated that the City was $371,738.00 short without options 5 & 6. He added the City had a December 31st deadline from the contractor to order these supplies. Mrs. Arnett stated that they could not use grant funds after a contract is signed. Councilman Breeden further informed that they had been in contact with the Bank of Charles Town who has offered an agreement and principal loan in the amount of $400,000.00 with balloon payments to fund this project of $104,000.00 per year from the video proceeds that will start July 1, 2003 due to the 2002 budget being in effect. He added that the City Manager was currently looking for the possibility to check with different financial institutions to get a lower rate. He stated that the $371,000.00 short fall was taken care of in the loan, however, the granite curbing was not taken care of on both sides of George Street. He added that the Street Committee discussed this this evening and does not see a way to

come up with the funds unless the contractor will allow putting the options in at another time. Mrs. Arnett stated that they could not sign the contracts unless the grants were in place. Councilman Matthew Ward stated that there wasn't any way to get the funds pending in the transportation bill and that they were up against a brick wall. He added the only thing to do was to look at the plans and work on another area and wait to see if the City receives funding on January 25th, then order the granite. Mrs. Arnett stated that it generally takes six (6) months or more to receive the funding upon receipt of the paperwork. She added that the granite for the curbs must be ordered now. Councilman Matthew Ward stated that he would talk with Senator Byrd's people this week to see if funding could be received and into place. He further suggested going with brick pavers and normal curbing. Mrs. Arnett agreed that perhaps going with the pavers now was possible. Upon further discussion, it was moved by Councilman Breeden, seconded by Councilman Matthew Ward and unanimously voted to go with the contract, except for Options 5 & 6, and attempt to do the additional pavers on George Street if it can be negotiated with the contractors when funding becomes available.

It was moved by Councilman Breeden, seconded by Councilwoman Lowery and unanimously voted to approve all bills as presented.

At 9:55 p.m., it was moved by Councilman Breeden, seconded by Councilman Miller and unanimously voted to adjourn.

MAYOR: C. Ramsey Hilton Date: 1-21-03

CLERK: Brenda J Hamilton Date: 1-21-03

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher

SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. December 5 2002

I hereby certify that the annexed Notice of public hearing

in the case of City of Charles Town Bond Ordinance

has been published once a week for two successive weeks, in the Spirit of Jefferson Advocate, a newspaper published in Charles Town, Jefferson County, West Virginia, in the issues of December 5 and December 12, 2002

as required by law.

Editor/Manager, Spirit of Jefferson Advocate

State of West Virginia
County of Jefferson

Personally appeared before me, Edward W. Dockeney, Jr., Editor/Manager of the Spirit of Jefferson Advocate, and made oath that the above certificate is true and correct.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CARA D. YOUNG
JEFFERSON PUBLISHING CO., INC.
P. O. BOX 966
CHARLES TOWN, WV 25414
My Commission Expires January 27, 2009

Cara D. Young

Notary Public

Commission expires

NOTICE OF PUBLIC HEARING ON CITY OF CHARLES TOWN BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Charles Town (the "City") to be held on Monday, December 16, 2002, at 7:30 p.m. in the Council Chambers at the City Hall, 101 East Washington Street, Charles Town, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (AMT); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENTS; A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

The above-entitled Ordinance was approved by the Council on December 2, 2002.

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

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

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

Dated: December 2, 2002.

/s/ Brenda Hamilton
City Clerk

12/5/2t

STEPTOE & JOHNSON PLLC
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Writer's Contact Information

December 20, 2002

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)

City of Charles Town
Charles Town, West Virginia

MBIA Insurance Corporation
Armonk, New York

Crews & Associates, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the City of Charles Town (West Virginia) (the "Issuer") of its $4,135,000 aggregate principal amount Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on December 16, 2002 as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 16, 2002 (said Ordinance, as so supplemented, herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance.

The Bonds are issued in fully registered form, are dated December 1, 2002, upon original issuance, mature on December 1 in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2003, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Ordinance.

The Ordinance provides that the issue is for the purposes of providing funds to acquire, construct and equip certain waterworks and sewerage facilities, to partially fund a reserve account for the Bonds and to pay costs of issuance of the Bonds and other costs in connection with such issue.

The Bonds are issued on a parity with the following bonds of the Issuer:

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(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds"); and

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds are herein collectively called the "Outstanding Prior Bonds".

The Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 16, 2002, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Issuer and others, contained in the Ordinance and in the certified proceedings and other

certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants, representations and certifications of the Issuer and others, pertaining to tax matters set forth in the Ordinance and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable from the Gross Revenues and issued on a parity with respect to liens, pledge and sources of and security for payment with the Outstanding Prior Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the certificate relating to arbitrage. Failure to

comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6, below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2002. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance and the Bond Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. CR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

12/16/02
144220.00004

CH564512.3

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Writer's Contact Information

January 15, 2003

$1,000,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the City of Charles Town (West Virginia) (the "Issuer") of its $1,000,000 aggregate principal amount Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured) (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on December 16, 2002 as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 16, 2002 (said Ordinance, as so supplemented, herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance.

The Bonds are issued in fully registered form, are dated January 1, 2003, upon original issuance, mature on December 1 in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2003, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Ordinance.

The Ordinance provides that the issue is for the purposes of providing funds to acquire, construct and equip certain waterworks and sewerage facilities, to fund a reserve account for the Bonds and to pay costs of issuance of the Bonds and other costs in connection with such issue.

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The Bonds are issued on a parity with the following bonds of the Issuer:

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds"); and

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds")

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds are herein collectively called the "Outstanding Prior Bonds".

The Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 16, 2002, and accepted by the Issuer (the "Bond Purchase Agreement").

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

Based upon the foregoing, and assuming compliance with the covenants, representations and certifications of the Issuer and others, pertaining to tax matters set forth in the Ordinance and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable from the Gross Revenues and issued on a parity with respect to liens, pledge and sources of and security for payment with the Outstanding Prior Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes, except for any period during which a Bond is held by a person who, within the meaning of the Internal Revenue Code of 1986, as amended and regulations thereunder (the "Code"), is a "substantial user" of facilities financed with Bond proceeds or a "related person" thereto. Interest on the Bonds is a specific item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax

consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

6. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance and the Bond Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

01/13/02
144220.00004

CH574049.1

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Writer's Contact Information

December 20, 2002

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by the City of Charles Town (the "City") of its $4,135,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2002 C Bonds and the exclusion of interest on the Series 2002 C Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated December 16, 2002, between the City and Crews & Associates, Inc. (the "Underwriter"), and approved by the City.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement, the Tax and Non-Arbitrage Certificate, the Continuing Disclosure Certificate, the Preliminary Official Statement and the Official Statement have been executed, acknowledged and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, are legal, valid and binding agreements of the City enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the rights of creditors).

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(2) The City, under the Act, has full power and authority to adopt the Ordinance, enter into the Continuing Disclosure Certificate and the Purchase Agreement and perform its obligations thereunder.

(3) The City has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, signed and delivered by the City, and the City has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2002 C Bonds.

(4) The statements contained in the Official Statement under the captions "Tax Matters," are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption.

(5) The statements contained in the Official Statement under the captions "Security for the Bonds," "The Bonds," and "Summary of Certain Provisions of the Ordinance," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are complete and accurate and present a fair summary of the matters referred to therein and of the Ordinance.

(5) The Series 2002 C Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

12/16/02
144220.00004

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Writer's Contact Information

January 15, 2003

$1,000,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by the City of Charles Town (the "City") of its $1,000,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured) (the "Series 2003 A Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2003 A Bonds and the exclusion of interest on the Series 2003 A Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated December 16, 2002, between the City and Crews & Associates, Inc. (the "Underwriter"), and approved by the City.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement, the Tax and Non-Arbitrage Certificate, the Continuing Disclosure Certificate, the Preliminary Official Statement and the Official Statement have been executed, acknowledged and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, are legal, valid and binding agreements of the City enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the rights of creditors).

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(2) The City, under the Act, has full power and authority to adopt the Ordinance, enter into the Continuing Disclosure Certificate and the Purchase Agreement and perform its obligations thereunder.

(3) The City has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, signed and delivered by the City, and the City has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2003 A Bonds.

(4) The statements contained in the Official Statement under the captions "Tax Matters," are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption.

(5) The statements contained in the Official Statement under the captions "Security for the Bonds," "The Bonds," and "Summary of Certain Provisions of the Ordinance," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are complete and accurate and present a fair summary of the matters referred to therein and of the Ordinance.

(5) The Series 2003 A Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

01/13/02
144220.00004

JOHN T. POFFENBARGER

Attorney at Law

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email: jtpoff57@citynet.net

December 20, 2002

Crews & Associates, Inc.
Charleston, West Virginia

Re: $4,135,000
The City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 C (Insured)

Ladies and Gentlemen:

I have acted as your counsel in connection with your purchase of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement (the "Agreement"), between The City of Charles Town (the "Issuer") and you. Capitalized terms used and not otherwise defined herein have the respective meanings assigned to them in the Agreement.

I am of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (ii) based upon my participation of the Official Statement as counsel for the Underwriter and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, I have no reason to believe that as of the date of the Closing the Official Statement, as of its date, contain an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statement therein, in light of the circumstances under which they were made, not misleading (except for the statements in the Official Statement with respect to The Depository Trust Company and Bonds being available in book-entry form only and except for information concerning the Insurer and the financial statements and other financial and statistical data included therein, as to which I express no view) or that

the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Very truly yours,

John T. Poffenbarger

JOHN T. POFFENBARGER

Attorney at Law

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April 1, 2003

Crews & Associates, Inc.
Charleston, West Virginia

Re: $1,000,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2003 A (AMT-Uninsured)

Ladies and Gentlemen:

I have acted as your counsel in connection with your purchase of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement (the "Agreement"), between The City of Charles Town (the "Issuer") and you. Capitalized terms used and not otherwise defined herein have the respective meanings assigned to them in the Agreement.

I am of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (ii) based upon my participation of the Official Statement as counsel for the Underwriter and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, I have no reason to believe that as of the date of the Closing the Official Statement, as of its date, contain an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statement therein, in light of the circumstances under which they were made, not misleading (except for the statements in the Official Statement with respect to The Depository Trust Company and Bonds being available in book-entry form only and except for information concerning the Insurer and the financial statements and other financial and statistical data included therein, as to which I express no view) or that

the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains an untrue statement of a material fact or omits to state a material fact

required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Very truly yours,

John T. Poffenbarger

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December 20, 2002

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)

City of Charles Town
Charles Town, West Virginia

MBIA Insurance Corporation
Armonk, New York

Crews & Associates, Inc.
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I have served as counsel for the City of Charles Town, West Virginia (the "Issuer") and have acted as such in connection with the sale of the above-referenced Bonds (the "Series 2002 C Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of December 16, 2002 (the "Purchase Agreement"), by and between Crews & Associates, Inc. (the "Underwriter") and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2002 C Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act"), the Ordinance of the Issuer relating to the Series 2002 C Bonds enacted on December 16, 2002, as supplemented by a Supplemental Resolution adopted December 16, 2002 (collectively, the "Ordinance"), the Continuing Disclosure Certificate (the "Undertaking"), the Purchase Agreement, the Preliminary Official Statement dated December 11, 2002, and the Official Statement dated December 16, 2002, with respect to the issuance and offering of the Series 2002 C Bonds (collectively, the "Official Statement") and a closing certificate of the Issuer. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The City is a municipal corporation duly organized and existing under the laws and Constitution of the State of West Virginia. The City is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Ordinance, the Undertaking, and the Purchase Agreement.

2. The City has full power and authority to consummate all transactions contemplated by the Series 2002 C Bonds, the Undertaking, the Purchase Agreement and any other agreements relating thereto, to which the City is a party.

3. The City has duly authorized all action necessary to be taken by it or on its behalf for (i) the acquisition and construction of the Project; (ii) the execution and delivery of the Undertaking and the Purchase Agreement; (iii) the approval of the distribution of the Official Statement; (iv) the ratification of the actions of the City and the issuance and delivery of the Series 2002 C Bonds upon the terms set forth in the Ordinance; and (v) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Purchase Agreement and Undertaking have been duly and validly authorized, executed and delivered by the City and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the City, enforceable against the City in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Ordinance has been duly adopted and enacted at meetings of the governing body (Council) of the City which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Ordinance, and remains in full force and effect as of the date hereof.

6. The execution and delivery by the City of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the City or, to the best of my knowledge after diligent inquiry and review of the City's records, any agreement or other instrument to which the City is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the City have been taken, and no additional approval, authorization, consent or other order of the City or any public

board or body is legally required to allow the City to acquire and construct the Project, to enter into and perform its obligations under the Purchase Agreement and the Undertaking or as described in the Official Statement.

8. The City is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the City.

9. To the best of my knowledge, after due inquiry, there is no litigation pending, or to my knowledge, threatened in any court in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Series 2002 C Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Series 2002 C Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2002 C Bonds, the Ordinance or the Purchase Agreement, or contesting the powers of the Issuer with respect to the Series 2002 C Bonds, the Ordinance or the Purchase Agreement or any transaction described in or contemplated by the Official Statement.

10. All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the due performance by the City of its obligations under the Ordinance, the Series 2002 C Bonds or the Contract of Purchase, have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2002 C Bonds, as to which no opinion is hereby expressed.

11. The Ordinance creates a legally valid and binding pledge of, and lien and charge upon, the security, for payment of the principal of, premium, if any, and interest on the Series 2002 C Bonds as the same become due and for the other purposes provided in the Ordinance, subject only to the provisions of the Ordinance permitting application thereof on the terms and conditions set forth in the Ordinance.

12. Based upon my experience as counsel for the City and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "Purpose and Plan of Financing," "The Bonds," "Security for the Bonds," "The System," "No Litigation," "Approval of Legality" and "Continuing Disclosure" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading

in any material respect.

I hereby consent to the references made to me in the Official Statement.

All counsel to this transaction may rely upon the foregoing opinion as if specifically addressed to them.

Very truly yours,

Hoy G. Shingleton, Jr.

HGS/lpt

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January 15, 2003

$1,000,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured)

City of Charles Town
Charles Town, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

I have served as counsel for the City of Charles Town, West Virginia (the "Issuer") and have acted as such in connection with the sale of the above-referenced Bonds (the "Series 2003 A Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of December 16, 2002 (the "Purchase Agreement"), by and between Crews & Associates, Inc. (the "Underwriter") and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2003 A Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act"), the Ordinance of the Issuer relating to the Series 2003 A Bonds enacted on December 16, 2002, as supplemented by a Supplemental Resolution adopted December 16, 2002 (collectively, the "Ordinance"), the Continuing Disclosure Certificate (the "Undertaking"), the Purchase Agreement, the Preliminary Official Statement dated December 11, 2002, and the Official Statement dated December 16, 2002, with respect to the issuance and offering of the Series 2003 A Bonds (collectively, the "Official Statement") and a closing certificate of the Issuer. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The City is a municipal corporation duly organized and existing under the laws and Constitution of the State of West Virginia. The City is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Ordinance, the Undertaking, and the Purchase Agreement.

2. The City has full power and authority to consummate all transactions contemplated by the Series 2003 A Bonds, the Undertaking, the Purchase Agreement and any other agreements relating thereto, to which the City is a party.

3. The City has duly authorized all action necessary to be taken by it or on its behalf for (i) the acquisition and construction of the Project; (ii) the execution and delivery of the Undertaking and the Purchase Agreement; (iii) the approval of the distribution of the Official Statement; (iv) the ratification of the actions of the City and the issuance and delivery of the Series 2003 A Bonds upon the terms set forth in the Ordinance; and (v) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Purchase Agreement and Undertaking have been duly and validly authorized, executed and delivered by the City and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the City, enforceable against the City in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Ordinance has been duly adopted and enacted at meetings of the governing body (Council) of the City which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Ordinance, and remains in full force and effect as of the date hereof.

6. The execution and delivery by the City of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the City or, to the best of my knowledge after diligent inquiry and review of the City's records, any agreement or other instrument to which the City is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the City have been taken, and

no additional approval, authorization, consent or other order of the City or any public board or body is legally required to allow the City to acquire and construct the Project, to enter into and perform its obligations under the Purchase Agreement and the Undertaking or as described in the Official Statement.

8. The City is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the City.

9. To the best of my knowledge, after due inquiry, there is no litigation pending, or to my knowledge, threatened in any court in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Series 2003 A Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Series 2003 A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2003 A Bonds, the Ordinance or the Purchase Agreement, or contesting the powers of the Issuer with respect to the Series 2003 A Bonds, the Ordinance or the Purchase Agreement or any transaction described in or contemplated by the Official Statement.

10. All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the due performance by the City of its obligations under the Ordinance, the Series 2003 A Bonds or the Contract of Purchase, have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2003 A Bonds, as to which no opinion is hereby expressed.

11. The Ordinance creates a legally valid and binding pledge of, and lien and charge upon, the security, for payment of the principal of, premium, if any, and interest on the Series 2003 A Bonds as the same become due and for the other purposes provided in the Ordinance, subject only to the provisions of the Ordinance permitting application thereof on the terms and conditions set forth in the Ordinance.

12. Based upon my experience as counsel for the City and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "Purpose and Plan of Financing," "The Bonds," "Security for the Bonds," "The System," "No Litigation," "Approval of Legality" and "Continuing Disclosure" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such

statements, in light of the circumstances under which they were made, not misleading in any material respect.

I hereby consent to the references made to me in the Official Statement.

All counsel to this transaction may rely upon the foregoing opinion as if specifically addressed to them.

Very truly yours,

Hoy G. Shingleton, Jr.

HGS/lpt

$4,135,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

GENERAL CERTIFICATE OF THE CITY OF CHARLES TOWN ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. LAND AND RIGHTS-OF-WAY
5. CONTRACTORS' INSURANCE, ETC.
6. RATES
7. PUBLICATION OF NOTICES
8. AWARD OF SERIES 2002 C BONDS; SIGNATURES
9. DELIVERY AND PAYMENT
10. CERTIFICATION OF DOCUMENTS
11. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
12. MEETINGS, ETC.
13. INCUMBENCY AND OFFICIAL NAME
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. OFFICIAL STATEMENT CERTIFICATION
20. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT
21. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
22. RELIANCE OF BOND INSURER
23. EXECUTION OF COUNTERPARTS

On the 20th day of December, 2002, we, the undersigned MAYOR, CITY MANAGER and CITY CLERK of the City of Charles Town, West Virginia (the "Issuer"), hereby certify in connection with the $4,135,000 aggregate principal amount of the City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance of the Issuer enacted December 16, 2002, as supplemented by a Supplemental Resolution adopted December 16, 2002 (collectively, the "Ordinance").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Series 2002 C Bonds or the collection of the Gross Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Series 2002 C Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2002 C Bonds nor in any manner affecting the validity or enforceability of the Series 2002 C Bonds, the Ordinance or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2002 C Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the City Manager, Mayor, City Clerk and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the Series 2002 C Bonds which is not set forth in the Official Statement relating to the Series 2002 C Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for acquisition and construction of the Project, operation of the System and issuance of the Series 2002 C Bonds have been obtained, or will be obtained prior to construction, and, to the extent such approvals and certificates have been obtained as of the date hereof, remain in full force and effect. Competitive bids for construction of the Project will be solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2002 C Bonds.

5. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, with commercially reasonable limits. All insurance for the System required by the Ordinance is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

6. RATES: The Issuer has duly enacted a water rate ordinance and a sewer rate ordinance setting rates and charges for the services of the System. Such rate ordinance is presently in full force and effect. Such rates meet the coverage requirements set forth in Section 6.04 of the Bond Ordinance.

7. PUBLICATION OF NOTICES: Notice of the public hearing upon the Ordinance was duly published as required by law. There was no protest to the enactment of the Ordinance, and the Ordinance became fully effective December 16, 2002, and remains in full force and effect.

8. AWARD OF SERIES 2002 C BONDS; SIGNATURES: The Series 2002 C Bonds were awarded to Crews & Associates, Inc. (the "Underwriters"), upon a negotiated basis at the price $4,014,013.55 (par amount, less Underwriters' discount of $41,350, less original issue discount of $79,636.45), plus accrued interest to the date of delivery of the Series 2002 C Bonds. As of the date hereof, the Series 2002 C Bonds were duly signed by the manual signatures of the Mayor and City Manager, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed or imprinted thereon and attested by the manual signature of the City Clerk.

9. DELIVERY AND PAYMENT: The undersigned City Manager did, on the date hereof, deliver to the Underwriters, the entire issue of the Series 2002 C Bonds, in various denominations and numbered CR-1 to CR-9, inclusive. At the time of delivery of the Series 2002 C Bonds, there was paid to, or on behalf of the Issuer, the agreed price therefor as follows:

Par Amount	$4,135,000.00
Less: Underwriters' Discount	$ 41,350.00
Less: Original Issue Discount	$ 79,636.45
Purchase Price	$4,014,013.55
Plus: Accrued Interest (December 1, 2002 - December 20, 2002)	$ 9,594.60
TOTAL	$4,023,608.15

10. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Bond Ordinance

Supplemental Resolution

Continuing Disclosure Agreement for Series 2002 C Bonds

City Charter

City Council Rules of Procedure

Oaths of Office of Councilmembers

Public Service Commission Orders

Water Rate Ordinance

Sewer Rate Ordinance

Certified Copies of Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution - (Meetings of November 25, December 2 and December 16, 2002)

Tax and Non-Arbitrage Certificate of City for Series 2002 C Bonds

Prior Bonds Ordinances and Supplemental Resolutions

MBIA Policy of Municipal Bond Insurance and Related Documentation for Series 2002 C Bonds

Preliminary Official Statement

Official Statement

Bond Purchase Agreement for Series 2002 C Bonds

11. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since December 11, 2002. The Series 2002 C Bonds are issued on a parity with respect to liens, pledge and source of and security for payment and in all respects, with the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds,

Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds"); (5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds"); (6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds"); (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds"); (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds"); and (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds") (collectively, the "Prior Bonds"), and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-UNINSURED), to be dated January 1, 2003, and issued in the original aggregate principal amount of $975,000 (the "Series 2003 A Bonds"). Other than the Prior Bonds and the Series 2003 A Bonds, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Series 2002 C Bonds as to the sources of and security for payment.

12. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2002 C Bonds were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the City Charter and City Council Rules of Procedure, and all applicable statutes, including Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the council was present and acting at all times during all such meetings.

13. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Charles Town." The Issuer is a municipal corporation in Jefferson County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor and 8 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name			Date of Commencement of Office	Date of Termination of Office
J. Randolph Hilton	-	Mayor	June 1, 2001	May 30, 2005
Violet Lowery	-	Councilmember	June 1, 2001	May 30, 2005
Randy Breeden	-	Councilmember	June 1, 1999	May 30, 2003
John A. Ward	-	Councilmember	June 1, 1999	May 30, 2003
Timothy P. Robinson	-	Councilmember	June 1, 2001	May 30, 2005
Matthew W. Ward	-	Councilmember	June 1, 2001	May 30, 2005
Russell C. Miller, Jr.	-	Councilmember	June 1, 2001	May 30, 2005
William F. Jordan, Jr.	-	Councilmember	June 1, 1999	May 30, 2003
Geraldine Willingham	-	Councilmember	June 1, 2001	May 30, 2005

The names of the duly appointed, qualified and acting members of the Utility Board of the Issuer are as follows:

Jane E. Arnett	-	Chairman and Member
John Kastanek	-	Member
Charles W. Kline	-	Member
Thomas Stocks	-	Member
Pete Kubic, P.E.	-	Member

The duly appointed and acting Clerk of the Issuer is Brenda S. Hamilton. Jane Arnett, C.P.A., is the duly appointed and acting City Manager for the Issuer. The duly appointed and acting City Attorney to the Issuer is Hoy G. Shingleton, Jr., Esquire.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Council of the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Spirit of Jefferson Advocate, a newspaper of general circulation in the City of Charles Town, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2002 C Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 16th day of December, 2002, at 7:30 p.m., in the Council Chambers of the City Hall of the City of Charles Town and present protests, and stating that a certified copy of the Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the City Clerk. At such hearing all objections and suggestions were heard by the Council of the Issuer and the Bond Ordinance became

finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION: The Issuer has received the Final Order of the Public Service Commission of West Virginia (the "PSC") entered on June 20, 2002, in Case No.01-0497-WS-PC, granting to the Issuer approval to purchase the assets of Tuscawilla Utilities, Inc., and the Order of the PSC entered on July 1, 2002, in Case No. 02-0161-W-CN, granting to the Issuer a certificate of convenience and necessity approving the acquisition of the Huntfield project. The time for appeal of such Final Orders have expired prior to the date hereof without any appeal.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Series 2002 C Bonds and the interest thereon. Less than 10% of the proceeds of the Series 2002 C Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Series 2002 C Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Series 2002 C Bonds, including the disproportionate related business use of the proceeds of the Series 2002 C Bonds, and none of the payment of principal of or interest on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Series 2002 C Bonds. None of the proceeds of the issue of the Series 2002 C Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder.

17. NO FEDERAL GUARANTY: The Series 2002 C Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah.

19. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

20. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT: In addition to the foregoing, the undersigned CITY MANAGER and MAYOR hereby certify, as follows: (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (ii) (a) except as set forth in the Official Statement, no litigation is pending or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of any of the Series 2002 C Bonds, or in any way contesting or affecting the validity of the Series 2002 C Bonds, the Ordinance, or the Bond Purchase Agreement for the Series 2002 C Bonds, or contesting the powers of the Issuer or any authority for the issuance of the Series 2002 C Bonds or the Ordinance, and (b) except as set forth in the Official Statement, there is no litigation pending, or, to the knowledge of said Mayor or City Manager, threatened against the Issuer in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Series 2002 C Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Series 2002 C Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2002 C Bonds, the Ordinance or the Bond Purchase Agreement for the Series 2002 C Bonds, or contesting the powers of the Issuer with respect to the Series 2002 C Bonds, the Ordinance or the Bond Purchase Agreement for the Series 2002 C Bonds or any transaction described in or contemplated by the Official Statement, which certificates shall be in form and substance acceptable to us (but in lieu of or in conjunction with this certificate, the Underwriter may, in its sole discretion, accept an opinion of Hoy G. Shingleton, Jr., Esquire, Counsel for the Issuer, that in his opinion the issues raised in any pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit with respect to the Series 2002 C Bonds referred to in the Official Statement); and (iii) to the best of our knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect.

21. DESIGNATION OF REGISTRAR, PAYING AGENT, ESCROW AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of

(a) United Bank, Inc., Charleston, West Virginia, as Registrar, (b) West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, and (c) Branch Banking and Trust Company, Raison, West Virginia, as Depository Bank.

22. RELIANCE OF BOND INSURER: All certifications contained in this General Certificate, the Tax and Non-Arbitrage Certificate and any other certificate delivered by the Issuer in connection with issuance of the Series 2002 C Bonds may be relied upon by MBIA Insurance Corporation ("MBIA"), in accordance with its requirements for issuance of a bond insurance policy relating to the Series 2002 C Bonds.

23. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official corporate seal of the CITY OF CHARLES TOWN as of the day and year first stated above.

[SEAL]

Signature	Official Title
J. Randolph Hilton	Mayor
Jane E. Arnett	City Manager
Brenda J. Hamilton	City Clerk

12/14/02
144220.00004

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT - UNINSURED)

GENERAL CERTIFICATE OF THE CITY OF CHARLES TOWN ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. LAND AND RIGHTS-OF-WAY
5. CONTRACTORS' INSURANCE, ETC.
6. RATES
7. PUBLICATION OF NOTICES
8. AWARD OF SERIES 2003 A BONDS; SIGNATURES
9. DELIVERY AND PAYMENT
10. CERTIFICATION OF DOCUMENTS
11. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
12. MEETINGS, ETC.
13. INCUMBENCY AND OFFICIAL NAME
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. OFFICIAL STATEMENT CERTIFICATION
20. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT
21. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
22. EXECUTION OF COUNTERPARTS

On the 15th day of January, 2003, we, the undersigned MAYOR, CITY MANAGER and CITY CLERK of the City of Charles Town, West Virginia (the

"Issuer"), hereby certify in connection with the $1,000,000 aggregate principal amount of the City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured) (the "Series 2003 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance of the Issuer enacted December 16, 2002, as supplemented by a Supplemental Resolution adopted December 16, 2002 (collectively, the "Ordinance").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Series 2003 A Bonds or the collection of the Gross Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Series 2003 A Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2003 A Bonds nor in any manner affecting the validity or enforceability of the Series 2003 A Bonds, the Ordinance or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2003 A Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the City Manager, Mayor, City Clerk and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the Series 2003 A Bonds which is not set forth in the Official Statement relating to the Series 2003 A Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Series 2003 A Bonds have been obtained, or will be obtained prior to construction, and, to the extent such approvals and certificates have been obtained as of the date hereof, remain in full force and effect. Competitive bids for construction of the Project will be solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2003 A Bonds.

5. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, with commercially reasonable limits. All insurance for the System required by the Ordinance is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

6. RATES: The Issuer has duly enacted a water rate ordinance and a sewer rate ordinance setting rates and charges for the services of the System. Such rate ordinance is presently in full force and effect. Such rates meet the coverage requirements set forth in Section 6.04 of the Bond Ordinance.

7. PUBLICATION OF NOTICES: Notice of the public hearing upon the Ordinance was duly published as required by law. There was no protest to the enactment of the Ordinance, and the Ordinance became fully effective December 16, 2002, and remains in full force and effect.

8. AWARD OF SERIES 2003 A BONDS; SIGNATURES: The Series 2003 A Bonds were awarded to Crews & Associates, Inc. (the "Underwriters"), upon a negotiated basis at the price $935,013.25 (par amount, less Underwriters' discount of $3,526.65, less original issue discount of $61,460.10), plus accrued interest to the date of delivery of the Series 2003 A Bonds. As of the date hereof, the Series 2003 A Bonds were duly signed by the manual signatures of the Mayor and City Manager, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed or imprinted thereon and attested by the manual signature of the City Clerk.

9. DELIVERY AND PAYMENT: The undersigned City Manager did, on the date hereof, deliver to the Underwriters, the entire issue of the Series 2003 A Bonds, in various denominations and numbered AR-1 to AR-2 inclusive. At the time of delivery of the Series 2003 A Bonds, there was paid to, or on behalf of the Issuer, the agreed price therefor as follows:

Par Amount	$1,000,000.00
Less: Underwriters' Discount	$ ($3,526.65)
Less: Original Issue Discount	$ ($61,460.10)
Plus: Accrued Interest (January 1, 2003 - January 15, 2003)	$ 2,163.92
TOTAL	$ 937,177.17

10. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Bond Ordinance

Supplemental Resolution

Continuing Disclosure Agreement for Series 2003 A Bonds

City Charter

City Council Rules of Procedure

Oaths of Office of Councilmembers

Board Ordinance

Water Rate Ordinance

Sewer Rate Ordinance

Certified Copies of Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution - (Meetings of November 25, December 2 and December 16, 2002)

Tax and Non-Arbitrage Certificate of City for Series 2003 A Bonds

Prior Bonds Ordinance and Supplemental Resolution

Preliminary Official Statement

Official Statement

Bond Purchase Agreement

11. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since December 11, 2002. The Series 2003 A Bonds are issued on a parity with respect to liens, pledge and source of and security for payment and in all respects, with the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds"); (5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds"); (6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds"); (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds"); (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development

Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds"); and (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds") (collectively, the "Prior Bonds") and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 C (Insured), dated December 1, 2002, and issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds"). Other than the Prior Bonds, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Series 2003 A Bonds as to the sources of and security for payment.

12. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2003 A Bonds were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the City Charter and City Council Rules of Procedure, and all applicable statutes, including Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the council was present and acting at all times during all such meetings.

13. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Charles Town." The Issuer is a municipal corporation in Jefferson County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor and 8 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name			Date of Commencement of Office	Date of Termination of Office
J. Randolph Hilton	-	Mayor	June 1, 2001	May 30, 2005
Violet Lowery	-	Councilmember	June 1, 2001	May 30, 2005
Randy Breeden	-	Councilmember	June 1, 1999	May 30, 2003
John A. Ward	-	Councilmember	June 1, 1999	May 30, 2003
Timothy P. Robinson	-	Councilmember	June 1, 2001	May 30, 2005

Matthew W. Ward	-	Councilmember	June 1, 2001	May 30, 2005
Russell C. Miller, Jr.	-	Councilmember	June 1, 2001	May 30, 2005
William F. Jordan, Jr.	-	Councilmember	June 1, 1999	May 30, 2003
Geraldine Willingham	-	Councilmember	June 1, 2001	May 30, 2005

The names of the duly appointed, qualified and acting members of the Utility Board of the Issuer are as follows:

Jane E. Arnett	-	Chairman and Member
John Kastanek	-	Member
Charles W. Kline	-	Member
Thomas Stocks	-	Member
Pete Kubic, P.E.	-	Member

The duly appointed and acting Clerk of the Issuer is Brenda S. Hamilton. Jane Arnett, C.P.A., is the duly appointed and acting City Manager for the Issuer. The duly appointed and acting City Attorney to the Issuer is Hoy G. Shingleton, Jr., Esquire.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Council of the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Spirit of Jefferson Advocate, a newspaper of general circulation in the City of Charles Town, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2003 A Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 16th day of December, 2002, at 7:30 p.m., in the Council Chambers of the City Hall of the City of Charles Town and present protests, and stating that a certified copy of the Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the City Clerk. At such hearing all objections and suggestions were heard by the Council of the Issuer and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION: The Issuer has received the Final Order of the Public Service Commission of West Virginia (the "PSC") entered on June 20, 2002, in Case No.01-0497-WS-PC, granting to the Issuer approval to purchase the assets of Tuscawilla Utilities, Inc., and the Order of the PSC entered on July 1, 2002, in Case No. 02-0161-W-CN, granting to the Issuer a certificate of convenience and necessity approving the acquisition of the Huntfield project. The time for appeal of such Final Orders have expired prior to the date hereof without any appeal.

16. [RESERVED]

17. NO FEDERAL GUARANTY: The Series 2003 A Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

19. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

20. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT: In addition to the foregoing, the undersigned CITY MANAGER and MAYOR hereby certify, as follows: (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (ii) (a) except as set forth in the Official Statement, no litigation is pending or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of any of the Series 2003 A Bonds, or in any way contesting or affecting the validity of the Series 2003 A Bonds, the Ordinance, or the Bond Purchase Agreement, or contesting the powers of the Issuer or any authority for the issuance of the Series 2003 A Bonds or the Ordinance, and (b) except as set forth in the Official Statement, there is no litigation pending, or, to the knowledge of said Mayor or City Manager, threatened

against the Issuer in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Series 2003 A Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Series 2003 A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2003 A Bonds, the Ordinance or the Bond Purchase Agreement, or contesting the powers of the Issuer with respect to the Series 2003 A Bonds, the Ordinance or the Bond Purchase Agreement or any transaction described in or contemplated by the Official Statement, which certificates shall be in form and substance acceptable to us (but in lieu of or in conjunction with this certificate, the Underwriter may, in its sole discretion, accept an opinion of Hoy G. Shingleton, Jr., Esquire, Counsel for the Issuer, that in his opinion the issues raised in any pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit with respect to the Series 2003 A Bonds referred to in the Official Statement); and (iii) to the best of our knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect.

21. DESIGNATION OF REGISTRAR, PAYING AGENT, ESCROW AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of (a) United Bank, Inc., Charleston, West Virginia, as Registrar, (b) West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, and (c) Branch Banking and Trust Company, Ranson, West Virginia, as Depository Bank.

22. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official corporate seal of the CITY OF CHARLES TOWN as of the day and year first stated above.

[SEAL]

Signature	Official Title
J. Randolph Hite	Mayor
Jane E. Arnett	City Manager
Brenda S. Hamilton	City Clerk

12/14/02
144220.00004

CH568862.1

$4,135,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

TAX AND NON-ARBITRAGE CERTIFICATE

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TAX AND NON-ARBITRAGE CERTIFICATE

WHEREAS, the City of Charles Town (the "Issuer") has determined to issue its $4,135,000 Combined Waterworks and Sewerage System, Series 2002 C (Insured), dated December 1, 2002 (the "Bonds"), to provide moneys, which, together with certain other moneys available to the Issuer, will be used for the purposes of: (i) paying accrued interest on the Bonds, (ii) partially funding a Series 2002 C Bonds Reserve Account, (iii) paying costs of issuing the Bonds, and (v) paying costs of acquisition, construction and equipping of certain waterworks and sewerage facilities of the Issuer.

WHEREAS, the Bonds are intended to be issued as obligations of the Issuer upon which the interest thereon is excludable from the gross income of the owners thereof for federal income tax purposes;

WHEREAS, the Internal Revenue Code of 1986 and the Regulations promulgated with respect thereto, as amended (collectively, the "Code") prescribe restrictions on the Bonds, the activities of the Issuer and the application and expenditure of Bond proceeds and earnings thereon in order that interest on the Bonds not be includable in gross income of the owners thereof for federal income tax purposes, and compliance with the procedures in this Tax and Non-Arbitrage Certificate (the "Tax Certificate") is required in order to ensure that the requirements of the Code are and will continue to be met;

WHEREAS, this Tax Certificate sets forth such restrictions on the Bonds, the activities of the Issuer, the application, investment and expenditure of Bond proceeds and earnings thereon; and

WHEREAS, in order to ensure that interest on the Bonds will not be includable in gross income of the owners thereof for federal income tax purposes, such requirements must be met unless the Issuer is notified in writing to the contrary by Bond Counsel;

NOW THEREFORE, the undersigned Mayor and City Manager of the Issuer, being the officials of the Issuer duly charged with the responsibility for the issuance of the Bonds, hereby certify as follows, all capitalized terms used herein and not otherwise defined to have the same meanings as set forth in the Bond Ordinance enacted by the Issuer on December 16, 2002, as supplemented by a Supplemental Resolution adopted by the Issuer on December 16, 2002 (collectively, the "Ordinance"), pursuant to which the Bonds are issued:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. For the purpose of this Tax Certificate, the following words and terms shall have the respective meanings set forth as follows, and any capitalized words or terms used but not defined herein shall have the meanings set forth in the Ordinance:

"**Average Economic Life**" shall mean the average reasonably expected economic life, within the meaning of Section 147(b) of the Code, of the assets financed or refinanced with the proceeds of the Bonds.

"**Average Maturity**" shall mean the average maturity of the Bonds within the meaning of Section 147(b) of the Code.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the issue for the immediately preceding Bond Year.

"**Bond Counsel**" shall mean any law firm or firms with expertise in public finance selected by the Issuer with respect to the issuance of or matters relating to the exclusion from federal income taxation of interest on the Bonds.

"**Bond Year**" shall mean the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" shall mean the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Bonds**" shall mean the Issuer's $4,135,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002.

"**Closing Date**" or "**Date of Issue**" means December 20, 2002, the date of this Tax Certificate, which is the date on which the Issuer has delivered the Bonds in exchange for the purchase price thereof.

"**Code**" shall mean the Internal Revenue Code of 1986, and the Regulations promulgated thereto, as amended.

"**Computation Date**" shall mean each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" shall mean $1,000 for each Bond Year during which there are Proceeds subject to rebate, or such other amount as may then be permitted by the Regulations. Only one Computation Date Credit for each Computation Date is permitted for the Bonds.

"**Costs of Issuance**" shall mean all costs incurred in connection with the issuance of the Bonds.

"**Discharged**" shall mean with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Eligible Investment**" shall mean a fixed rate investment that is not a SLG and is not in a restricted escrow; the payment taken into account with respect to which equals the outstanding par amount of the investment plus accrued interest (if any) for a period of less than one year; the interest on which accrues on the outstanding par amount of the investment and is actually and unconditionally due at periodic intervals of one year or less; the first payment of interest on which is due at the end of the first short compounding interval or the first whole compounding interval; and the maturity date of which is the highest yield date, i.e., the date on which the holder is entitled to require the investment to be purchased, redeemed or retired at a stated price that when used in computing the yield on the investment produces the highest yield.

"**Fair Market Value**" of an Investment shall mean as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The

Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Investment Contracts. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and receives at least three (3) bona fide bids from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties

in connection with the guaranteed investment contract.

(c) Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (1) the yield on comparable direct obligations of the United States, and (2) the highest yield published or posted by the provider to be currently available on reasonably comparable certificates of deposit.

"**Final Computation Date**" shall mean the date on which the last Bond is Discharged.

"**Fiscal Year**" means the fiscal year of the Issuer, which commences on July 1 of each year and ends on June 30 of the subsequent year.

"**Future Value**" shall mean the amount determined by using the following formula:

$$FV = PV(1+i)^n$$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Governmental Unit**" shall mean a state, a political subdivision or instrumentality of the foregoing within the meaning of Section 141(b)(6) of the Code.

"**Gross Proceeds**" shall mean Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

"**Installment Computation Date**" shall mean the last day of the fifth Bond Year and each succeeding fifth Bond Year, until and excluding the Final Computation Date.

"**Investment**" shall mean any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" shall mean any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" shall mean the Internal Revenue Service.

"**Issue Price**" shall mean, with respect to the Bonds, $4,064,958.15 (par amount, less original issue discount, plus accrued interest) for all purposes other than IRS Form 8038-G.

"**Issuer**" shall mean the City of Charles Town, a municipal corporation and political subdivision of the State of West Virginia, in Jefferson County thereof, and, unless the context clearly indicates otherwise, includes the Council and any successor thereto.

"**Net Sale Proceeds**" shall mean Sale Proceeds less the amount of those proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

"**Nonpurpose Investment**" shall mean any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" shall mean a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the rebate amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the yield on an investment.

"**Present Value**" shall mean the amount determined by using the following formula:

$$PV = \frac{FV}{}$$

$$(1+i)^n$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" shall mean Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received with respect to an investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"**Purchaser**" shall mean Crews & Associates, Inc., as the original purchasers of the Bonds directly from the Issuer.

"**Purpose Investment**" shall mean any investment that is acquired with the Gross Proceeds of an issue of obligations to carry out the governmental purpose for which such issue was issued.

"**Rebate Amount**" shall mean with respect to the Bonds, the amount computed as described in Section 3.5 hereof.

"**Rebate Analyst**" shall mean the entity or person chosen by the Issuer in accordance with Section 3.8 hereof to determine the Rebate Amount.

"**Rebate Payment Date**" shall mean the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Rebate Yield**" shall mean the yield on the Bonds for purposes of determining the Rebate Amount, computed as described in Section 3.3(B) hereof.

"**Receipt**" shall mean a receipt as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in section 1.148-5(b) for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" shall mean the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Bonds.

"**Related Person**" shall mean any person related to any beneficiary of the Bonds within the meaning of Section 144(a)(3) of the Code.

"**Replacement Proceeds**" shall mean amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" shall mean amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest).

"**SLG**" or "**SLGS**" shall mean a time deposit security issued by the United States Treasury pursuant to the Time Deposit State and Local Government Series Program described in 31 C.R.F. part 344.

"**State**" shall mean the State of West Virginia.

"**Tax-Exempt Bond**" shall mean any tax-exempt bond within the meaning of section 103 of the Code and section 1.150-1 of the Regulations that is not investment property within the meaning of section 148(b)(3) of the Code.

"**Tax Certificate**" shall mean this Tax and Non-Arbitrage Certificate of the Issuer as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

"**Treasury**" shall mean the United States Department of Treasury.

"**Universal Cap**" shall mean the maximum value of Nonpurpose Investments which may be allocated to the Bonds under section 1.148-6 of the Regulations and is

determined by reference to the Value of all outstanding Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" shall mean the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior Bonds) and a refunding issue (i.e., the Series 1998 Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"**Value of a Bond**" shall mean the value of a bond determined under section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

> (a) In the case of a plain par bond (within the meaning of section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and
>
> (b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" shall mean the yield computed under section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" shall mean any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

Section 1.2. Interpretation. In this Tax Certificate:

(A) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Tax Certificate, refer to this Tax Certificate, and the term "hereafter" means after, and the term "heretofore" means before the date of this Tax Certificate.

(B) Unless the context requires otherwise, words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(C) Words importing persons include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(D) Any headings preceding the texts of the several Articles and Sections of this Tax Certificate, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Tax Certificate, nor shall they affect its meaning, construction or effect.

(E) All certifications, documents and instructions required to be given or made by any person or party hereunder shall be made in writing.

(F) This Tax Certificate shall be governed by and construed in accordance with the applicable laws of the State.

(G) If any provision of this Tax Certificate shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions hereof.

Section 1.3. Reliance on Documents. Bond Counsel shall be permitted to rely on the contents of any certification, document or instruction provided pursuant to this Tax Certificate and shall not be responsible or liable in any way for the accuracy of its contents or the failure of the Issuer to deliver such document.

ARTICLE II

REPRESENTATIONS BY THE ISSUER AND USE OF PROCEEDS

Section 2.1. Representations of the Issuer. The Issuer represents that:

(A) This certificate is being executed and delivered pursuant to Section 148 of the Code. We are officers of the Issuer charged with the responsibility of issuing the Bonds. We are familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer.

(B) This certificate may be relied upon as the certificate of the Issuer.

(C) The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

(D) This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on the Closing Date and to the best of our knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

(E) The Issuer has covenanted in the Ordinance that it will not permit at any time or times any of the proceeds of the Bonds or any funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 2.2. Use of Proceeds. (A) The Series 2002 C Bonds were sold and delivered on the Closing Date, upon a negotiated basis, to the Purchaser for the purchase price of $4,014,013.55 (par amount of $4,135,000, less underwriter's discount of $41,350, less original issue discount of $79,636.45), plus interest accrued thereon in the amount of $9,594.60 (total of $4,023,608.15).

(B) The Bonds are being delivered simultaneously with the delivery of this Tax Certificate and are issued for the purposes of providing moneys, together with other funds of the Issuer necessary to: (i) pay accrued interest on the Series 2002 C Bonds, (ii) partially fund a Series 2002 C Bonds Reserve Account, (iii) pay costs of issuing the Series 2002 C Bonds, and (iv) pay costs of acquisition, construction and equipping of certain waterworks and sewerage facilities of the Issuer.

(C) The face amount of the Series 2002 C Bonds is $4,135,000. The sources and uses of proceeds of the Series 2002 C Bonds is as follows:

Sources

Par amount of Bonds	$4,135,000.00
Accrued interest (Dec. 1, 2002 to Dec. 20, 2002)	9,594.60
Total Sources	$4,144,594.60

Uses

Deposit to Series 2002 C Bonds Acquisition and Construction Fund	$3,780,063.15
Original Issue Discount	79,636.45
Accrued interest to Series 2002 C Bonds Sinking Fund	9,594.60
Series 2002 C Bonds Reserve Account Deposit	130,302.50
Bond Insurance Premium	51,630.89
Underwriter's Discount	41,350.00
Costs of Issuance	50,000.00
Rounding Amount	2,017.00
Total Uses	$4,144,594.60

(D) The Purchaser has stated in its certificate that the Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than, or yields no lower than, the respective prices and yields shown on the inside cover page of the Official Statement for the Bonds, including interest accrued on the Bonds from December 1, 2002.

ARTICLE III

ARBITRAGE

Section 3.1. Arbitrage Representations. The Issuer represents that:

(A) The Proceeds from the sale of the Bonds shall be applied as indicated in Section 2.2.

(B) The Issue Price of the Bonds is based on the certificate executed by the Purchaser of even date herewith. The Issuer is not aware of any facts or circumstances that would case them to question the accuracy of the representations made by the Purchaser.

(C) No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

(D) Other than as described in this Tax Certificate, the Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

(E) No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

(F) The Issuer has not been notified of the listing or proposed listing of the Issuer by the Internal Revenue Service as an issuer that may not certify its bonds.

(G) The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code.

(H) In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund,

pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including without limitation any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer with any registered owner of the Bonds.

(I) On each Valuation Date, the Issuer shall value the Nonpurpose Investments allocable to the Bonds thereunder. Nonpurpose Investments cease to be allocated to the Bonds to the extent such Nonpurpose Investments have been expended for the governmental purpose of the issue, or to the extent the value thereof exceeds the value permitted to be allocated to the Bonds under the Universal Cap. To the extent Nonpurpose Investments cease to be allocated to an issue and the value of the Universal Cap exceeds the value of the remaining Nonpurpose Investments allocated to such issue, other Nonpurpose Investments may become allocated to the issue, provided that such Nonpurpose Investments are not already properly allocated to another issue and provided that such allocation does not cause the value of the Nonpurpose Investments allocated to the Bonds to exceed the Universal Cap.

Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Bonds as of a Valuation Date shall not be considered a violation of this provision if the value of Nonpurpose Investments allocated to the Bonds did not exceed the value of the Bonds outstanding on such date.

Section 3.2. The Project and Use of Bond Proceeds.

(A) The Issuer reasonably expects that:

(i) The Issuer will incur a substantial binding obligation to third parties to expend at least 5% of the Net Sale Proceeds within 6 months following the Date of Issue;

(ii) Completion of the Project and allocation of the Net Sale Proceeds to expenditures for Project Costs will proceed with due diligence; and

(iii) As of the close of the 3-year period beginning on the Date of Issue, at least 85% of the Net Sale Proceeds will have been used to acquire and construct the Project. For purposes of the foregoing, the term "Net Sale Proceeds" shall mean "net proceeds" as defined in Section 150 of the Code, but shall not include proceeds used to finance issuance costs and shall not include proceeds necessary to pay interest (during such period) on the Bonds which are part of the issue.

(B) All property financed with proceeds of the Bonds will be held by or on behalf of a qualified Governmental Unit, and the Project financed with the proceeds thereof will be operated solely for public purposes as a governmental activity.

(C) No portion of the Project will consist of any airplane, skybox or other luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(D) No portion of the payments of principal of or interest on the Bonds will be made, financed or secured by, directly or indirectly, by payments or property used in any trade or business of any person other than the Issuer or a qualified Governmental Unit. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be secured, directly or indirectly, by (i) interests in property or (ii) payments in respect of such property, which property is used or to be used in any trade or business of any person other than the Issuer. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be derived, directly or indirectly by payments (whether or not to the Issuer) in respect of property or borrowed money, used or to be used in any trade or business of any persons other than the Issuer.

(E) The Project financed with proceeds of the Bonds will be used only in activities directly related to the Issuer's exempt governmental purpose. No other person will own or use the Project either directly or indirectly, including use through a lease management agreement, and neither the Issuer nor any other state or local government unit having an ownership interest in the Project will transfer ownership of the Project while the Bonds are outstanding.

Section 3.3. Construction of the Project.

(A) Construction Schedule. The Project is expected to be completed and placed in service in accordance with the following schedule:

(i) Time Test. The Issuer shall, within 6 months of the Closing Date, enter into a substantial binding obligation calling for the expenditure of not less than 5% of the Net Sale Proceeds of the Bonds towards the costs of acquisition and construction of the Project.

(ii) Due Diligence Test. Acquisition and construction of the Project is expected to proceed with due diligence to completion.

(iii) Expenditure Test. The Issuer anticipates that the Project will be completed by December 1, 2004, such that an

amount equal to not less than 85% of the Net Sale Proceeds of the Bonds will have been expended on the costs of the Project before December 1, 2004.

Section 3.4. The Bonds. (A) The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Bonds are detailed in the Official Statement.

(B) Using the initial offering price of the Bonds as the "purchase price" and taking into account accrued interest, original issue discount and Bond Insurance Premium as described below, the yield on the Bonds is computed by the Purchaser to be 4.89534% (the "Bond Yield").

(C) A Sinking Fund for the Bonds is created under the Ordinance. Accrued interest on the Bonds in the aggregate amount of $9,594.60 will be deposited in the Sinking Fund on the Closing Date. Such amount will be used to pay interest becoming due on the Bonds during the period of construction of the Project. All such amounts will be expended for payment of interest on the Bonds within 13 months from the Closing Date. Except as aforesaid, moneys deposited to the Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds. The Bonds all bear interest at a fixed interest rate and the average maturity of the Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. Such moneys will be invested without restriction as to yield and are not subject to rebate.

(D) A Reserve Account within the Sinking Fund is created under the Ordinance in an amount equal to 125% of the average annual Debt Service on the Bonds (the "Reserve Account Requirement"). Such amount is less than the Maximum Annual Debt Service on the Bonds and is less than 10% of the stated principal amount of the Bonds. The Reserve Account is being partially funded by the deposit of proceeds of the Bonds in the amount of $130,302.50. All cash amounts in the Reserve Account will be invested without restriction as to yield. All cash in the Reserve Account and earnings thereon will be subject to rebate.

(E) A Renewal and Replacement Fund is created under the Ordinance, to be funded through monthly deposits of Revenues. Absent an Event of Default on the Bonds, and depletion in full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Bonds. The Issuer is required to deposit 2 1/2% of the Gross Revenues each month into the Renewal and Replacement Fund. Disbursements may be made from the Renewal and Replacement Fund at any time to pay for replacements, repairs, improvements or extensions of the System. In the event the Issuer

experiences financial difficulties with respect to the System, it is not expected that the Renewal and Replacement Fund or any portion thereof will be available to pay Debt Service on the Bonds. Such moneys will be invested without restriction as to yield and are not subject to rebate.

(F) A Series 2002 C Bonds Redemption Account is created under the Ordinance. In the event moneys are deposited into the Series 2002 C Bonds Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

(G) A Series 2002 C Bonds Costs of Issuance Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of $50,000.00. Such amount shall be fully expended within six months from the date hereof. Pending such disbursement, such moneys will be invested without restriction as to yield and are not subject to rebate.

(H) A Series 2002 C Bonds Acquisition and Construction Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of $3,780,063.15 and estimated earnings thereon in the amount of $_____, which will be used to pay costs of acquisition and construction of the Project. All such amounts shall be fully expended within 24 months from the Closing Date. Pending such disbursement, such moneys will be invested without restriction as to yield but such amounts will be subject to rebate.

The Issuer shall, within 6 months of the Closing Date, enter into a contract for the acquisition and construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds of the Bonds or $100,000. Work with respect to the acquisition and construction of the Project will commence shortly and will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 35 months. All moneys in the Series 2002 C Bonds Acquisition and Construction Fund will be expended for the Project within 24 months from the date hereof. The Project will be operated solely for a public purpose as a local governmental activity of the Issuer. The Issuer expects no part of the Project will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

Except for the moneys in the Series 2002 C Bonds Acquisition and Construction Fund, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or

to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

(I) For purposes of calculating the yield on the Bonds there has been taken into account as interest a premium in the amount of $51,630.89 to be paid to acquire a Municipal Bond Insurance Policy issued by MBIA Insurance Corporation ("MBIA"), guaranteeing timely payment of the principal of and interest on the Bonds (the "Bond Insurance Policy"). The Purchaser has stated in its certificate that, as a result of the "AAA" rating accorded to the Bonds resulting from the Bond Insurance Policy, the present value of the premium paid for the Bond Insurance Policy is less than the present value of the interest savings attributable thereto, using a present value factor equal to the yield on the Bonds, computed without regard to such premium.

(J) Other than the funds and accounts described above, there are no other funds or accounts of the Issuer (i) which are reasonably expected to be used to pay Debt Service on the Bonds or which are pledged as collateral to secure repayment of Debt Service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Bonds.

Section 3.5. Arbitrage Compliance. The Issuer acknowledges that the continued non-inclusion of interest on the Bonds for purposes of Federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 3.5 hereof. The procedures set forth below are subject to amplification and revision as necessary to comply with the rebate requirements. The Issuer hereby agrees and covenants to take all actions necessary to comply with these requirements. The Issuer hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Bonds or other funds of the Issuer to be used directly or indirectly, to acquire any asset or investment, the acquisition of which would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Issuer further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the arbitrage and rebate requirements of Section 148 of the Code are met. To that end, the Issuer shall take the actions described in Sections 3.4 through the end of Article III hereof with respect to the investment of proceeds on deposit in the funds and accounts established Ordinance. The Issuer shall cause to be made the required transfers, dispositions and payments described in Sections 3.4 through the end of Article III hereof.

Section 3.6. Calculation of Rebate Amount. Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Bonds, together with any income attributable to such excess. Except as provided below, all of the funds and accounts established by the Ordinance, and all other

amounts treated as Gross Proceeds, to the extent funded with proceeds of the Bonds, are subject to this requirement. In order to meet the rebate requirement, the Issuer agrees and covenants to take the following actions:

(A) Record of Investments and Expenditures. For each Nonpurpose Investment acquired with or allocated to Gross Proceeds of the Bonds, the Issuer shall record its purchase date or allocation date, its purchase price (reduced by broker's or dealer's commissions or other administrative expenses, which shall also be separately stated), or, if not acquired directly with Gross Proceeds, its Fair Market Value on the allocation date, accrued interest due on its purchase date or allocation date, its face amount, its coupon or interest rate, its Yield-to-Maturity, the frequency of its interest payments, its disposition price (not reduced by any broker or dealer's commission or discount), accrued interest due on its disposition date and its disposition date. The Issuer shall also record the date and amount of all expenditures made with the proceeds of the Bonds, including the payment of any Rebate Amount.

Generally, Administrative Costs paid with respect to Nonpurpose Investments do not increase the costs of such Investments or reduce the income therefrom. Administrative Costs paid with respect to guaranteed investment contracts have the effect of increasing the yield thereon for rebate purposes.

(B) Computation of Yield. For each Computation Date, the Issuer shall compute Yield on the Bonds. When expressed as a decimal, Yield shall be accurate to at least six (6) decimal places and rounded to at least five (5) decimal places.

(C) Computation of Rebate Amount. Subject to the special rules set forth in paragraphs (F) and (G) of this Section 3.6, the Issuer shall determine the Rebate Amount on each Computation Date. For this purpose:

(1) Any Computation Date. The Rebate Amount, determined as of any Computation Date, shall be equal to the excess of the Future Value of all receipts with respect to the Nonpurpose Investments allocated to the Bonds over the Future Value of all payments with respect to such Nonpurpose Investments, which excess, in the case

of the Final Computation Date, shall be increased by the amount described in subparagraph (2) below.

(2) Final Computation Date. Only in the case of the Final Computation Date, the amount determined under subparagraph 1) above shall be increased by the earnings actually derived from investing such amount at an arm's length interest rate during the "payment period" that begins on the Final Computation Date and ends fifteen (15) days before the final Rebate Amount is actually paid; provided that if the moneys representing the final Rebate Amount cannot be identified on the Final Computation Date under a reasonable accounting system or, even if so identified, have not been invested at an arm's length interest rate, then the amount of the increase shall be equal to the earnings that would have accrued if the Rebate Amount had been so identified and had been invested at a rate equal to the maximum rate of interest in effect on the Final Computation Date for a SLG having a term equal to thirty (30) days or, if longer, the payment period referred to above.

(D) Nonpurpose Receipts. For purposes of paragraph (C), receipts with respect to a Nonpurpose Investment that is allocated to the Bonds consist of:

(1) Actual Receipts. The amount(s) actually or constructively received with respect to the Nonpurpose Investment, determined without reduction for sales commissions, administrative expenses or similar expenses. An amount is constructively received when it is credited to the account of, set apart for, or otherwise made available to or for, a payee so that such amount may be drawn on by such payee (or could be so drawn on, assuming timely notice of the payee's intention to withdraw).

(2) Disposition Receipts. The amount corresponding to the Fair Market Value of a Nonpurpose Investment that ceases to be allocated

to the Bonds for reasons not related to its sale or retirement, determined as of the date of such cessation.

(3) Installment Date Receipts. The amount corresponding to the Fair Market Value of a Nonpurpose Investment that continues to be allocated to the Bonds on any Computation Date. For this purpose, the Present Value of a fixed rate Nonpurpose Investment which is not an investment contract may be substituted for its Fair Market Value.

(4) Rebate Receipts. The amount(s), if any, representing the recovery of rebate overpayments, determined as of the date of any such recovery.

(5) Imputed Receipts. The amount(s), if any, representing Imputed Receipts, as defined herein and as determined from time to time in accordance with such definition.

(E) Nonpurpose Payments. For purposes of paragraph (C), payments with respect to a Nonpurpose Investment that is allocated to the Bonds consist of:

(1) Direct Payments. The amount of the Gross Proceeds of the Bonds that was used to purchase the Nonpurpose Investment, determined without regard to brokerage commissions, administrative expenses or similar expenses.

(2) Constructive Payments. The amount that is equal to the Fair Market Value of a Nonpurpose Investment which, although not directly purchased with the Gross Proceeds of the Bonds, is allocated to the Bonds, determined as of the date that such investment becomes so allocated.

(3) Rebate Payments. The amount which is equal to the portion of the Rebate Amount, if any, that is required to be paid following a Computation

Date, determined as of the earlier of the date of any such payment or the due date of any such payment.

(4) Computation Date Credit. The amount corresponding to the application Computation Date Credit, determined as of each Computation Date.

(F) Exceptions for Series 2002 C Bonds Acquisition and Construction Fund Expenditures. If the Issuer qualifies under any of the exceptions to rebate under Section 148(f) of the Code or Reg. § 1.148-7(d), earnings on moneys deposited in the Series 2002 C Bonds Acquisition and Construction Fund will not be subject to rebate.

(G) Exception from Rebate for Certain Debt Service Fund Earnings. Notwithstanding anything in this Section 3.6 to the contrary, if the gross earnings from the Investments held in the Debt Service Fund for the Bond Year in question, that are attributable to Nonpurpose Investments, are less than $100,000 (other than from the investment of moneys in obligations described in Section 103(a) of the Code which are also not specified Private Activity Bonds within the meaning of Section 57(a)(5)(C) of the Code), then any amount earned on such Bond Fund shall not be taken into account in determining the Rebate Amount. For purposes of this paragraph, the term "gross earnings" means the aggregate amount earned on the Nonpurpose Investments allocated to the Gross Proceeds of the Bonds credited to the Debt Service Fund including amounts earned on such amounts if in turn credited to the Debt Service Fund.

(H) Calculation of Rebate Amount. For each Computation Date, the Issuer shall compute, or cause to be computed.

(I) Hedge Bonds. Not more than fifty percent (50)%) of the proceeds of the Bonds are or will be invested in Nonpurpose Investments at a guaranteed yield for a period of four (4) years or more.

Section 3.7. Payment to United States. (A) Unless the Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Bonds, is equal to not less than ninety percent (90%) of

the Rebate Amount (computed from the date of issuance of the Bonds to each such Installment Computation Date). The Issuer shall pay to the United States, not later than sixty (6) days after the last outstanding Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date.

(B) The portion of the Rebate Amount that is required to be paid following a Computation Date shall be rounded down to the nearest multiple of $100. Any such portion that is less than $100 shall be rounded to $0.

(C) The Issuer shall make each payment of an installment to the Internal Revenue Service Center, Ogden, Utah. Each payment shall be accompanied by the copy of the Form 8038-G or Form 8038 filed with respect to the Bond issue, the statement summarizing the determination of the Rebate Amount and also, to the extent not otherwise shown on the Form 8038, a statement on which is identified the issue for which the Rebate Amount is due and the CUSP number for the Bond having the latest maturity.

Section 3.8 Recordkeeping. In connection with the rebate requirement the Issuer shall maintain the following records.

(A) The Issuer shall retain records of the determinations made pursuant to Section 3.5 until six (6) years after the retirement of the last obligation of the issue.

(B) The Issuer shall record all amounts paid to the United States pursuant to Section 3.5.

Section 3.9. Rebate Analyst. A Rebate Analyst shall be appointed to perform the rebate calculations required herein. The charges and fees of such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

Section 3.10. Covenant as to Purchase Price. The Issuer covenants and agrees that it shall not acquire Nonpurpose Investments at other than arm's length, Fair Market Value prices.

ARTICLE IV

COVENANTS AND AMENDMENTS

Section 4.1. Compliance with Code. The Issuer covenants and agrees that it shall at all times do and perform all acts and things necessary and within its reasonable control in order to assure that interest paid on the Bonds shall, for purposes of Federal income taxation, be not included in gross income.

The Issuer acknowledges that the covenants and conditions set forth in this Tax Certificate are based upon the Code as it exists on the date hereof and that the Code may be subsequently interpreted or modified by the Federal government in a manner which is inconsistent with the covenants set forth herein. The Issuer agrees that any such subsequent modification or interpretation of the Code will be deemed a requirement that must be met pursuant to the general tax covenant set forth above.

The Issuer shall not be required to comply with any specific requirement of this Tax Certificate to the extent that, in the opinion of Bond Counsel furnished to the Issuer, compliance with such requirement is not necessary to maintain the tax-exempt status of the Bonds.

Section 4.2. Amendment. This Tax Certificate may be amended by consent of Bond Counsel.

IN WITNESS WHEREOF, the Issuer has caused this Tax and Non-Arbitrage Certificate to be executed on its behalf by its duly authorized representatives all as of the date first above written.

CITY OF CHARLES TOWN,
WEST VIRGINIA

By J. Randolph Hilton
Mayor

By Jane E. Arnett
City Manager

12/14/02
144220.00004

SCHEDULE A - SERIES 2002 C BONDS

SOURCES AND USES OF BOND PROCEEDS

Sources

Par amount of Bonds	$4,135,000.00
Accrued interest (Dec. 1, 2002 to Dec. 20, 2002)	9,594.60
Total Sources	$4,144,594.60

Uses

Deposit to Series 2002 C Bonds Acquisition and Construction Fund	$3,780,063.15
Original Issue Discount	79,636.45
Accrued interest to Series 2002 C Bonds Sinking Fund	9,594.60
Series 2002 C Reserve Account Deposit	130,302.50
Bond Insurance Premium	51,630.89
Underwriter's Discount	41,350.00
Costs of Issuance	50,000.00
Rounding Amount	2,017.00
Total Uses	$4,144,594.60

SCHEDULE B - SERIES 2002 C BONDS

FORM 8038-G

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT-UNINSURED)

TAX AND NON-ARBITRAGE CERTIFICATE

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TAX AND NON-ARBITRAGE CERTIFICATE

WHEREAS, the City of Charles Town (the "Issuer") has determined to issue its $1,000,000 Combined Waterworks and Sewerage System, Series 2003 A (AMT-Uninsured), dated January 1, 2003 (the "Bonds"), to provide monies, which, together with certain other monies available to the Issuer, will be used for the purposes of: (i) paying accrued interest on the Bonds, (ii) funding a portion of the Series 2003 A Bonds Reserve Account, (iii) paying a portion of the costs of issuing the Bonds, and (v) paying costs of acquisition, construction and equipping of certain waterworks and sewerage facilities of the Issuer.

WHEREAS, the Bonds are intended to be issued as obligations of the Issuer upon which the interest thereon is excludable from the gross income of the owners thereof for federal income tax purposes;

WHEREAS, the Internal Revenue Code of 1986 and the Regulations promulgated with respect thereto, as amended (collectively, the "Code") prescribe restrictions on the Bonds, the activities of the Issuer and the application and expenditure of Bond proceeds and earnings thereon in order that interest on the Bonds not be includable in gross income of the owners thereof for federal income tax purposes, and compliance with the procedures in this Tax and Non-Arbitrage Certificate (the "Tax Certificate") is required in order to ensure that the requirements of the Code are and will continue to be met;

WHEREAS, this Tax Certificate sets forth such restrictions on the Bonds, the activities of the Issuer, the application, investment and expenditure of Bond proceeds and earnings thereon; and

WHEREAS, in order to ensure that interest on the Bonds will not be includable in gross income of the owners thereof for federal income tax purposes, such requirements must be met unless the Issuer is notified in writing to the contrary by Bond Counsel;

NOW THEREFORE, the undersigned Mayor and City Manager of the Issuer, being the officials of the Issuer duly charged with the responsibility for the issuance of the Bonds, hereby certify as follows, all capitalized terms used herein and not otherwise defined to have the same meanings as set forth in the Bond Ordinance enacted by the Issuer on December 16, 2002, as supplemented by a Supplemental Resolution adopted by the Issuer on December 16, 2002 (collectively, the "Ordinance"), pursuant to which the Bonds are issued:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. For the purpose of this Tax Certificate, the following words and terms shall have the respective meanings set forth as follows, and any capitalized words or terms used but not defined herein shall have the meanings set forth in the Ordinance:

"**Average Economic Life**" shall mean the average reasonably expected economic life, within the meaning of Section 147(b) of the Code, of the assets financed or refinanced with the proceeds of the Bonds.

"**Average Maturity**" shall mean the average maturity of the Bonds within the meaning of Section 147(b) of the Code.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the issue for the immediately preceding Bond Year.

"**Bond Counsel**" shall mean any law firm or firms with expertise in public finance selected by the Issuer with respect to the issuance of or matters relating to the exclusion from federal income taxation of interest on the Bonds.

"**Bond Year**" shall mean the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" shall mean the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Bonds**" shall mean the Issuer's $1,000,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured), dated January 1, 2003.

"**Closing Date**" or "**Date of Issue**" means December 20, 2002, the date of this Tax Certificate, which is the date on which the Issuer has delivered the Bonds in exchange for the purchase price thereof.

"**Code**" shall mean the Internal Revenue Code of 1986, and the Regulations promulgated thereto, as amended.

"**Computation Date**" shall mean each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" shall mean $1,000 for each Bond Year during which there are Proceeds subject to rebate, or such other amount as may then be permitted by the Regulations. Only one Computation Date Credit for each Computation Date is permitted for the Bonds.

"**Costs of Issuance**" shall mean all costs incurred in connection with the issuance of the Bonds.

"**Discharged**" shall mean with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Eligible Investment**" shall mean a fixed rate investment that is not a SLG and is not in a restricted escrow; the payment taken into account with respect to which equals the outstanding par amount of the investment plus accrued interest (if any) for a period of less than one year; the interest on which accrues on the outstanding par amount of the investment and is actually and unconditionally due at periodic intervals of one year or less; the first payment of interest on which is due at the end of the first short compounding interval or the first whole compounding interval; and the maturity date of which is the highest yield date, i.e., the date on which the holder is entitled to require the investment to be purchased, redeemed or retired at a stated price that when used in computing the yield on the investment produces the highest yield.

"**Fair Market Value**" of an Investment shall mean as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Investment Contracts. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment

contract and receives at least three (3) bona fide bids from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (1) the yield on comparable direct obligations of the United States, and (2) the highest yield published or posted by the provider to be currently available on reasonably comparable certificates of deposit.

"**Final Computation Date**" shall mean the date on which the last Bond is Discharged.

"**Fiscal Year**" means the fiscal year of the Issuer, which commences on July 1 of each year and ends on June 30 of the subsequent year.

"**Future Value**" shall mean the amount determined by using the following formula:

$$FV = PV(1+i)^n$$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Governmental Unit**" shall mean a state, a political subdivision or instrumentality of the foregoing within the meaning of Section 141(b)(6) of the Code.

"**Gross Proceeds**" shall mean Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

"**Installment Computation Date**" shall mean the last day of the fifth Bond Year and each succeeding fifth Bond Year, until and excluding the Final Computation Date.

"**Investment**" shall mean any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" shall mean any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" shall mean the Internal Revenue Service.

"**Issue Price**" shall mean, with respect to the Bonds, $940,703.82 (par amount, less original issue discount, plus accrued interest) for all purposes other than IRS Form 8038-G.

"**Issuer**" shall mean the City of Charles Town, a municipal corporation and political subdivision of the State of West Virginia, in Jefferson County thereof, and, unless the context clearly indicates otherwise, includes the Council and any successor thereto.

"**Net Sale Proceeds**" shall mean Sale Proceeds less the amount of those proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

"**Nonpurpose Investment**" shall mean any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" shall mean a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the rebate amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the yield on an investment.

"**Present Value**" shall mean the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" shall mean Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received with respect to an investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"**Purchaser**" shall mean Crews & Associates, Inc., as the original purchaser of the Bonds directly from the Issuer.

"**Purpose Investment**" shall mean any investment that is acquired with the Gross Proceeds of an issue of obligations to carry out the governmental purpose for which such issue was issued.

"**Rebate Amount**" shall mean with respect to the Bonds, the amount computed as described in Section 3.5 hereof.

"**Rebate Analyst**" shall mean the entity or person chosen by the Issuer in accordance with Section 3.8 hereof to determine the Rebate Amount.

"**Rebate Payment Date**" shall mean the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Rebate Yield**" shall mean the yield on the Bonds for purposes of determining the Rebate Amount, computed as described in Section 3.3(B) hereof.

"**Receipt**" shall mean a receipt as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in section 1.148-5(b) for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" shall mean the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Bonds.

"**Related Person**" shall mean any person related to any beneficiary of the Bonds within the meaning of Section 144(a)(3) of the Code.

"**Replacement Proceeds**" shall mean amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" shall mean amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest).

"**SLG**" or "**SLGS**" shall mean a time deposit security issued by the United States Treasury pursuant to the Time Deposit State and Local Government Series Program described in 31 C.R.F. part 344.

"**State**" shall mean the State of West Virginia.

"**Tax-Exempt Bond**" shall mean any tax-exempt bond within the meaning of section 103 of the Code and section 1.150-1 of the Regulations that is not investment property within the meaning of section 148(b)(3) of the Code.

"**Tax Certificate**" shall mean this Tax and Non-Arbitrage Certificate of the Issuer as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

"**Treasury**" shall mean the United States Department of Treasury.

"**Universal Cap**" shall mean the maximum value of Nonpurpose Investments which may be allocated to the Bonds under section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" shall mean the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior Bonds) and a refunding issue (i.e., the Series 1998 Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"**Value of a Bond**" shall mean the value of a bond determined under section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

> (a) In the case of a plain par bond (within the meaning of section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and
>
> (b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain

par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" shall mean the yield computed under section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" shall mean any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

Section 1.2. Interpretation. In this Tax Certificate:

(A) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Tax Certificate, refer to this Tax Certificate, and the term "hereafter" means after, and the term "heretofore" means before the date of this Tax Certificate.

(B) Unless the context requires otherwise, words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(C) Words importing persons include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(D) Any headings preceding the texts of the several Articles and Sections of this Tax Certificate, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Tax Certificate, nor shall they affect its meaning, construction or effect.

(E) All certifications, documents and instructions required to be given or made by any person or party hereunder shall be made in writing.

(F) This Tax Certificate shall be governed by and construed in accordance with the applicable laws of the State.

(G) If any provision of this Tax Certificate shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions hereof.

Section 1.3. Reliance on Documents. Bond Counsel shall be permitted to rely on the contents of any certification, document or instruction provided pursuant to this Tax Certificate and shall not be responsible or liable in any way for the accuracy of its contents or the failure of the Issuer to deliver such document.

ARTICLE II

REPRESENTATIONS BY THE ISSUER AND USE OF PROCEEDS

Section 2.1. Representations of the Issuer. The Issuer represents that:

(A) This certificate is being executed and delivered pursuant to Section 148 of the Code. We are officers of the Issuer charged with the responsibility of issuing the Bonds. We are familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer.

(B) This certificate may be relied upon as the certificate of the Issuer.

(C) The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

(D) This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on the Closing Date and to the best of our knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

(E) The Issuer has covenanted in the Ordinance that it will not permit at any time or times any of the proceeds of the Bonds or any funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 2.2. Use of Proceeds. (A) The Bonds were sold and delivered on the Closing Date, upon a negotiated basis, to the Purchaser for the purchase price of $935,013.25 (par amount of $1,000,000, less underwriter's discount of $3,526.65, less original issue discount of $61,460.10), plus interest accrued thereon in the amount of $2,163.92 (total of $937,177.17).

(B) The Bonds are being delivered simultaneously with the delivery of this Tax Certificate and are issued for the purposes of providing monies, together with other funds of the Issuer necessary to: (i) pay accrued interest on the Bonds, (ii) partially funding a Series 2003 A Bonds Reserve Account, (iii) paying a portion of the costs of issuing the Bonds, and (iv) pay costs of acquisition, construction and equipping of certain waterworks and sewerage facilities of the Issuer.

(C) The face amount of the Bonds is $1,000,000. The sources and uses of proceeds of the Bonds is as follows:

Sources

Par amount of Bonds	$1,000,000.00
Accrued interest (Jan. 1, 2003 to Jan. 15, 2003)	2,163.92
Total Sources	$1,002,163.92

Uses

Deposit to Series 2003 A Bonds Acquisition and Construction Fund	$ 847,917.39
Original Issue Discount	61,460.10
Accrued interest to Series 2003 A Sinking Fund	2,163.92
Series 2003 A Reserve Account Deposit	71,943.76
Underwriter's Discount	3,526.65
Costs of Issuance	$ 15,152.10
Total Uses	$1,002,163.92

(D) The Purchaser has stated in its certificate that the Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than, or yields no lower than, the respective prices and yields shown on the inside cover page of the Official Statement for the Bonds, including interest accrued on the Bonds from January 1, 2003.

ARTICLE III

ARBITRAGE

Section 3.1. Arbitrage Representations. The Issuer represents that:

(A) The Proceeds from the sale of the Bonds shall be applied as indicated in Section 2.2.

(B) The Issue Price of the Bonds is based on the certificate executed by the Purchaser of even date herewith. The Issuer is not aware of any facts or circumstances that would case them to question the accuracy of the representations made by the Purchaser.

(C) No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

(D) Other than as described in this Tax Certificate, the Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

(E) Other than the Series 2002 C Bonds, no other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

(F) The Issuer has not been notified of the listing or proposed listing of the Issuer by the Internal Revenue Service as an issuer that may not certify its bonds.

(G) The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code.

(H) In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including without limitation any arrangement under which money, securities or obligations

are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer with any registered owner of the Bonds.

(I) On each Valuation Date, the Issuer shall value the Nonpurpose Investments allocable to the Bonds thereunder. Nonpurpose Investments cease to be allocated to the Bonds to the extent such Nonpurpose Investments have been expended for the governmental purpose of the issue, or to the extent the value thereof exceeds the value permitted to be allocated to the Bonds under the Universal Cap. To the extent Nonpurpose Investments cease to be allocated to an issue and the value of the Universal Cap exceeds the value of the remaining Nonpurpose Investments allocated to such issue, other Nonpurpose Investments may become allocated to the issue, provided that such Nonpurpose Investments are not already properly allocated to another issue and provided that such allocation does not cause the value of the Nonpurpose Investments allocated to the Bonds to exceed the Universal Cap.

Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Bonds as of a Valuation Date shall not be considered a violation of this provision if the value of Nonpurpose Investments allocated to the Bonds did not exceed the value of the Bonds outstanding on such date.

Section 3.2. The Project and Use of Bond Proceeds.

(A) The Issuer reasonably expects that:

(i) The Issuer will incur a substantial binding obligation to third parties to expend at least 5% of the Net Sale Proceeds within 6 months following the Date of Issue;

(ii) Completion of the Project and allocation of the Net Sale Proceeds to expenditures for Project Costs will proceed with due diligence; and

(iii) As of the close of the 3-year period beginning on the Date of Issue, at least 85% of the Net Sale Proceeds will have been used to acquire and construct the Project. For purposes of the foregoing, the term "Net Sale Proceeds" shall mean "net proceeds" as defined in Section 150 of the Code, but shall not include proceeds used to finance issuance costs and shall not include proceeds necessary to pay interest (during such period) on the Bonds which are part of the issue.

(B) [RESERVED]

(C) No portion of the Project will consist of any airplane, skybox or other luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(D) [RESERVED]

(E) [RESERVED]

Section 3.3. Construction of the Project.

(A) Construction Schedule. The Project is expected to be completed and placed in service in accordance with the following schedule:

(i) Time Test. The Issuer shall, within 6 months of the Closing Date, enter into a substantial binding obligation calling for the expenditure of not less than 5% of the Net Sale Proceeds of the Bonds towards the costs of acquisition and construction of the Project.

(ii) Due Diligence Test. Acquisition and construction of the Project is expected to proceed with due diligence to completion.

(iii) Expenditure Test. The Issuer anticipates that the Project will be completed by January 1, 2004, such that an amount equal to not less than 85% of the Net Sale Proceeds of the Bonds will have been expended on the costs of the Project before January 1, 2004.

Section 3.4. The Bonds. (A) The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Bonds are detailed in the Official Statement.

(B) Using the initial offering price of the Bonds as the "purchase price" and taking into account accrued interest, original issue discount and Bond Insurance Premium as described below, the yield on the Bonds is computed by the Purchaser to be 6.0637475% (the "Bond Yield").

(C) A Sinking Fund for the Bonds is created under the Ordinance. Accrued interest on the Bonds in the aggregate amount of $2,163.92 will be deposited in the Sinking Fund on the Closing Date. Such amount will be used to pay interest becoming due on the Bonds during the period of construction of the Project. All such amounts will be expended for payment of interest on the Bonds within six months from the Closing Date. Except as aforesaid, monies deposited to the Sinking Fund, including subsequent deposits thereto, will

be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds. The Bonds all bear interest at a fixed interest rate and the average maturity of the Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. Such monies will be invested without restriction as to yield and are not subject to rebate.

(D) A Reserve Account within the Sinking Fund is created under the Ordinance in an amount equal to 125% of the average annual Debt Service on the Bonds (the "Reserve Account Requirement"). Such amount is less than the Maximum Annual Debt Service on the Bonds and is less than 10% of the stated principal amount of the Bonds. The Reserve Account is being partially funded by the deposit of proceeds of the Bonds in the amount of $71,943.76. All cash amounts in the Reserve Account will be invested without restriction as to yield. All cash in the Reserve Account and earnings thereon will be subject to rebate.

(E) A Renewal and Replacement Fund is created under the Ordinance, to be funded through monthly deposits of Revenues. Absent an Event of Default on the Bonds, and depletion in full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Bonds. The Issuer is required to deposit 2 1/2% of the Gross Revenues each month into the Renewal and Replacement Fund. Disbursements may be made from the Renewal and Replacement Fund at any time to pay for replacements, repairs, improvements or extensions of the System. In the event the Issuer experiences financial difficulties with respect to the System, it is not expected that the Renewal and Replacement Fund or any portion thereof will be available to pay Debt Service on the Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

(F) A Series 2003 A Bonds Redemption Account is created under the Ordinance. In the event monies are deposited into the Series 2003 A Bonds Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

(G) A Series 2003 A Bonds Costs of Issuance Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of $15,152.10. Such amount shall be fully expended within six months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

(H) A Series 2003 A Bonds Acquisition and Construction Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of $847,917.39 and estimated earnings thereon in the amount of $10,000, which will be used to pay costs of acquisition and construction of the Project. All such amounts shall be fully expended within 18 months from the Closing Date. Pending such disbursement, such monies will be invested without restriction as to yield but such amounts will be subject to rebate.

The Issuer shall, within 6 months of the Closing Date, enter into a contract for the acquisition and construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds of the Bonds or $100,000. Work with respect to the acquisition and construction of the Project will commence shortly and will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 12 months. All monies in the Series 2003 A Bonds Acquisition and Construction Fund will be expended for the Project within 18 months from the date hereof. The Issuer expects no part of the Project will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

Except for the monies in the Series 2003 A Bonds Acquisition and Construction Fund, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, and (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project.

(I) Other than the funds and accounts described above, there are no other funds or accounts of the Issuer (i) which are reasonably expected to be used to pay Debt Service on the Bonds or which are pledged as collateral to secure repayment of Debt Service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Bonds.

Section 3.5. Arbitrage Compliance. The Issuer acknowledges that the continued non-inclusion of interest on the Bonds for purposes of Federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 3.5 hereof. The procedures set forth below are subject to amplification and revision as necessary to comply with the rebate requirements. The Issuer hereby agrees and covenants to take all actions necessary to comply with these requirements. The Issuer hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Bonds or other funds of the Issuer to be used directly or indirectly, to acquire any asset or investment, the acquisition of which would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Issuer further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the arbitrage and rebate requirements of Section 148 of the Code are met. To that end, the Issuer shall take the actions described in Sections 3.4 through the end of Article III hereof with respect to the investment of proceeds on deposit in the funds and accounts established Ordinance. The Issuer shall cause to be made the required transfers, dispositions and payments described in Sections 3.4 through the end of Article III hereof.

Section 3.6. Calculation of Rebate Amount. Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have

been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Bonds, together with any income attributable to such excess. Except as provided below, all of the funds and accounts established by the Ordinance, and all other amounts treated as Gross Proceeds, to the extent funded with proceeds of the Bonds, are subject to this requirement. In order to meet the rebate requirement, the Issuer agrees and covenants to take the following actions:

(A) Record of Investments and Expenditures. For each Nonpurpose Investment acquired with or allocated to Gross Proceeds of the Bonds, the Issuer shall record its purchase date or allocation date, its purchase price (reduced by broker's or dealer's commissions or other administrative expenses, which shall also be separately stated), or, if not acquired directly with Gross Proceeds, its Fair Market Value on the allocation date, accrued interest due on its purchase date or allocation date, its face amount, its coupon or interest rate, its Yield-to-Maturity, the frequency of its interest payments, its disposition price (not reduced by any broker or dealer's commission or discount), accrued interest due on its disposition date and its disposition date. The Issuer shall also record the date and amount of all expenditures made with the proceeds of the Bonds, including the payment of any Rebate Amount.

Generally, Administrative Costs paid with respect to Nonpurpose Investments do not increase the costs of such Investments or reduce the income therefrom. Administrative Costs paid with respect to guaranteed investment contracts have the effect of increasing the yield thereon for rebate purposes.

(B) Computation of Yield. For each Computation Date, the Issuer shall compute Yield on the Bonds. When expressed as a decimal, Yield shall be accurate to at least six (6) decimal places and rounded to at least five (5) decimal places.

(C) Computation of Rebate Amount. Subject to the special rules set forth in paragraphs (F) and (G) of this Section 3.6, the Issuer shall determine the Rebate Amount on each Computation Date. For this purpose:

(1) Any Computation Date. The Rebate Amount, determined as of any Computation Date, shall be equal to the excess of the Future Value of all receipts with respect to the Nonpurpose Investments allocated to the Bonds over the Future

Value of all payments with respect to such Nonpurpose Investments, which excess, in the case of the Final Computation Date, shall be increased by the amount described in subparagraph (2) below.

(2) Final Computation Date. Only in the case of the Final Computation Date, the amount determined under subparagraph 1) above shall be increased by the earnings actually derived from investing such amount at an arm's length interest rate during the "payment period" that begins on the Final Computation Date and ends fifteen (15) days before the final Rebate Amount is actually paid; provided that if the monies representing the final Rebate Amount cannot be identified on the Final Computation Date under a reasonable accounting system or, even if so identified, have not been invested at an arm's length interest rate, then the amount of the increase shall be equal to the earnings that would have accrued if the Rebate Amount had been so identified and had been invested at a rate equal to the maximum rate of interest in effect on the Final Computation Date for a SLG having a term equal to thirty (30) days or, if longer, the payment period referred to above.

(D) Nonpurpose Receipts. For purposes of paragraph (C), receipts with respect to a Nonpurpose Investment that is allocated to the Bonds consist of:

(1) Actual Receipts. The amount(s) actually or constructively received with respect to the Nonpurpose Investment, determined without reduction for sales commissions, administrative expenses or similar expenses. An amount is constructively received when it is credited to the account of, set apart for, or otherwise made available to or for, a payee so that such amount may be drawn on by such payee (or could be so drawn on, assuming timely notice of the payee's intention to withdraw).

(2) Disposition Receipts. The amount corresponding to the Fair Market Value of a Nonpurpose Investment that ceases to be allocated to the Bonds for reasons not related to its sale or retirement, determined as of the date of such cessation.

(3) Installment Date Receipts. The amount corresponding to the Fair Market Value of a Nonpurpose Investment that continues to be allocated to the Bonds on any Computation Date. For this purpose, the Present Value of a fixed rate Nonpurpose Investment which is not an investment contract may be substituted for its Fair Market Value.

(4) Rebate Receipts. The amount(s), if any, representing the recovery of rebate overpayments, determined as of the date of any such recovery.

(5) Imputed Receipts. The amount(s), if any, representing Imputed Receipts, as defined herein and as determined from time to time in accordance with such definition.

(E) Nonpurpose Payments. For purposes of paragraph (C), payments with respect to a Nonpurpose Investment that is allocated to the Bonds consist of:

(1) Direct Payments. The amount of the Gross Proceeds of the Bonds that was used to purchase the Nonpurpose Investment, determined without regard to brokerage commissions, administrative expenses or similar expenses.

(2) Constructive Payments. The amount that is equal to the Fair Market Value of a Nonpurpose Investment which, although not directly purchased with the Gross Proceeds of the Bonds, is allocated to the Bonds, determined as of the date that such investment becomes so allocated.

(3) Rebate Payments. The amount which is equal to the portion of the Rebate Amount, if any, that is required to be paid following a Computation Date, determined as of the earlier of the date of any such payment or the due date of any such payment.

(4) Computation Date Credit. The amount corresponding to the application Computation Date Credit, determined as of each Computation Date.

(F) Exceptions for Series 2003 A Bonds Acquisition and Construction Fund Expenditures. If the Issuer qualifies under any of the exceptions to rebate under Section 148(f) of the Code or Reg. § 1.148-7(d), earnings on monies deposited in the Series 2003 A Bonds Acquisition and Construction Fund will not be subject to rebate.

(G) Exception from Rebate for Certain Debt Service Fund Earnings. Notwithstanding anything in this Section 3.6 to the contrary, if the gross earnings from the Investments held in the Debt Service Fund for the Bond Year in question, that are attributable to Nonpurpose Investments, are less than $100,000 (other than from the investment of monies in obligations described in Section 103(a) of the Code which are also not specified Private Activity Bonds within the meaning of Section 57(a)(5)(C) of the Code), then any amount earned on such Bond Fund shall not be taken into account in determining the Rebate Amount. For purposes of this paragraph, the term "gross earnings" means the aggregate amount earned on the Nonpurpose Investments allocated to the Gross Proceeds of the Bonds credited to the Debt Service Fund including amounts earned on such amounts if in turn credited to the Debt Service Fund.

(H) Calculation of Rebate Amount. For each Computation Date, the Issuer shall compute, or cause to be computed.

(I) Hedge Bonds. Not more than fifty percent (50)%) of the proceeds of the Bonds are or will be invested in Nonpurpose Investments at a guaranteed yield for a period of four (4) years or more.

Section 3.7. Payment to United States. (A) Unless the Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Bonds to each such Installment Computation Date). The Issuer shall pay to the United States, not later than sixty (6) days after the last outstanding Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date.

(B) The portion of the Rebate Amount that is required to be paid following a Computation Date shall be rounded down to the nearest multiple of $100. Any such portion that is less than $100 shall be rounded to $0.

(C) The Issuer shall make each payment of an installment to the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by the copy of the Form 8038-G or Form 8038 filed with respect to the Bond issue, the statement summarizing the determination of the Rebate Amount and also, to the extent not otherwise shown on the Form 8038, a statement on which is identified the issue for which the Rebate Amount is due and the CUSIP number for the Bond having the latest maturity.

Section 3.8 Recordkeeping. In connection with the rebate requirement the Issuer shall maintain the following records.

> (A) The Issuer shall retain records of the determinations made pursuant to Section 3.5 until six (6) years after the retirement of the last obligation of the issue.
>
> (B) The Issuer shall record all amounts paid to the United States pursuant to Section 3.5.

Section 3.9. Rebate Analyst. A Rebate Analyst shall be appointed to perform the rebate calculations required herein. The charges and fees of such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

Section 3.10. Covenant as to Purchase Price. The Issuer covenants and agrees that it shall not acquire Nonpurpose Investments at other than arm's length, Fair Market Value prices.

ARTICLE IV

PRIVATE ACTIVITY BOND AND EXEMPT FACILITY BOND PROVISIONS

Section 4.1 First Use of Project. The Project has not previously been placed in service and the first use of the Project will occur when it is initially used by the Issuer.

Section 4.2 Ownership. The Issuer will own the Project being financed with the net proceeds of the Series 2003 A Bonds;

Section 4.3 Future Ownership. The Project constitutes and shall be used for "water facilities" within the meaning of Section 142(a)(4) of the Code and Treasury Regulation Section 1.103-8(h)(2) while any portion of the Series 2003 A Bonds remain outstanding.

Section 4.4 No Plan to Sell. The Issuer does not presently expect to sell or otherwise dispose of the Project, in whole or in part, prior to the final maturity and redemption of the Series 2003 A Bonds.

Section 4.5 Change in Use or User of Project. The Issuer represents or acknowledges that:

(a) Sales, Other Dispositions and Leases. No part of the Project will be sold, exchanged or otherwise disposed of or leased unless the Issuer either obtains an opinion of Bond Counsel that any sale, exchange or other disposition or lease will not adversely affect the federal tax status of the Series 2003 A Bonds, or alternatively, satisfies the requirements for a remedial action as described in Treasury Regulation Section 1.142-2(c);

(b) Change in Use. The Issuer will permit no Change in Use of the Project unless the Issuer either obtains an opinion of Bond Counsel that any such change will not adversely affect the federal tax status of the Series 2003 A Bonds, or alternatively, satisfies the requirements for a remedial action as described in Treasury Regulation Section 1.142-2(c); (As used herein, "Change in Use" means any sale, exchange, lease or other disposition of any portion of the Project or any other action which would result in less than 95% of the net proceeds of the Series 2003 A Bonds not being actually used to provide "water facilities" as defined in Treasury Regulation Section 1.103(8)(h)(2)); and

(c) Agreement of New User. Prior to the sale, exchange or other disposition or lease of any portion of the Project, and assuming that the requirements of the other paragraphs of this Section are satisfied, the Issuer shall require that the new user, in connection with any sale, exchange or other disposition or lease of the Project by the Issuer,

not use that portion of the Project in any manner which would violate the covenants set forth in this Tax Regulatory Agreement.

Section 4.6 Use of Series 2003 A Bond Proceeds. Not less than ninety-five percent (95%) of the proceeds of the Series 2003 A Bonds will be used to pay costs incurred in connection with the financing of the Project and the Project constitutes property of a character subject to the allowance for depreciation.

Section 4.7 Prohibited Uses. No portion of the proceeds of the Series 2003 A Bonds will be used to finance any airplane, skybox or other private luxury box, facility primarily used for gambling, or store, the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Series 2003 A Bonds will be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

Section 4.8 Maturity Limitation. The Issuer represents that the weighted average maturity of the Series 2003 A Bonds, as certified to the Issuer by the Purchaser is 19.252 years, and that such weighted average maturity is not in excess of one hundred twenty percent (120%) of the remaining weighted average "reasonably expected economic life" of the facilities comprising the Project, determined as of the later of the date of issuance of the Series 2003 A Bonds or the date that the Project is placed in service.

Section 4.9 No Federal Guarantee. The Series 2003 A Bonds, in whole or part, are not, and will not be, directly or indirectly, an obligation "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 4.10 Bonds Will Not be Held by a Substantial User. No substantial user of the Project, nor any related person, plans to purchase, own or hold the Series 2003 A Bonds, or any part thereof, all within the meaning of Section 103 of the Code. For purposes of this paragraph, a partnership and each of its partners (and their spouses and minor children), and an S corporation and each of its shareholders (and their spouses and minor children), shall also be treated as related persons.

Section 4.11 Costs of Issuance Limitation. Less than 2% of the proceeds of the Series 2003 A Bonds or investment earnings thereon will be used to pay any costs of issuance of the Series 2003 A Bonds within the meaning of Section 147(g) of the Code. The amount designated as "costs of issuance" of the Series 2003 A Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2003 A Bonds.

Section 4.12 Public Approval. In accordance with the requirements of Section 147(f) of the Code, the Series 2003 A Bonds were approved by the Mayor of the City of Charles Town, West Virginia, following a public hearing by the Issuer, with respect to the issuance of the Series 2003 A Bonds after reasonable public notice thereof was published by

the Issuer in *The Martinsburg Journal*, and such notice apprised the residents of the affected governmental units, including the jurisdiction of the proposed issuance of the Series 2003 A Bonds. The public hearing was conducted in a manner which provided a reasonable opportunity for persons with differing views on the issuance of the Series 2003 A Bonds to be heard.

ARTICLE V

COVENANTS AND AMENDMENTS

Section 5.1. Compliance with Code. The Issuer covenants and agrees that it shall at all times do and perform all acts and things necessary and within its reasonable control in order to assure that interest paid on the Bonds shall, for purposes of Federal income taxation, be not included in gross income.

The Issuer acknowledges that the covenants and conditions set forth in this Tax Certificate are based upon the Code as it exists on the date hereof and that the Code may be subsequently interpreted or modified by the Federal government in a manner which is inconsistent with the covenants set forth herein. The Issuer agrees that any such subsequent modification or interpretation of the Code will be deemed a requirement that must be met pursuant to the general tax covenant set forth above.

The Issuer shall not be required to comply with any specific requirement of this Tax Certificate to the extent that, in the opinion of Bond Counsel furnished to the Issuer, compliance with such requirement is not necessary to maintain the tax-exempt status of the Bonds.

Section 5.2. Amendment. This Tax Certificate may be amended by consent of Bond Counsel.

IN WITNESS WHEREOF, the Issuer has caused this Tax and Non-Arbitrage Certificate to be executed on its behalf by its duly authorized representatives all as of the date first above written.

CITY OF CHARLES TOWN,
WEST VIRGINIA

By _____
Mayor

By _____
City Manager

12/14/02
144220.00004

CH568905.1

SCHEDULE A - SERIES 2003 A BONDS

SOURCES AND USES OF BOND PROCEEDS

Sources:

Principal Amount of the Bonds	$1,000,000.00
Original Issue Premium	0.00
Less Original Issue Discount	-61,460.10
Accrued Interest	2,163.92
Total Sources of Funds	940,703.82

Uses:

Acquisition and Construction Fund	$ 847,917.39
Reserve Account	71,943.76
Costs of Issuance (1)	15,152.10
Underwriters' Discount	3,526.65
Deposit to Debt Service Fund (Capitalized Interest)	2,163.92
Total Sources of Funds	940,703.82

SCHEDULE B - SERIES 2003 A BONDS

FORM 8038

(See Tab No. 51)

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

December 20, 2002

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 C (Insured)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of the City of Charles Town (the "Issuer"), enacted September 4, 2001, and the sewer rate ordinance of the Issuer, enacted September 7, 1999, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds"), to be issued on the date hereof, and all other obligations secured by or payable from revenues of the System, specifically including the Prior Bonds, as such term is defined in the Ordinance of the Issuer, enacted December 16, 2002, authorizing the issuance of the Series 2002 C Bonds.

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2002 C Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the date of issuance of the Series 2002 C Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal year for principal of and interest on the Series 2002 C Bonds and the Prior Bonds.

Very truly yours,

J.C. KUNKLE & ASSOCIATES, A.C.

J.C. Kunkle + Associates, A.C.

Martinsburg, West Virginia
December 18, 2002

164 Lina Lane ▪ P.O. Box 925 ▪ Martinsburg, WV 25402
304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@ix.netcom.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

January 15, 2003

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2003 A (AMT-Uninsured)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of the City of Charles Town (the "Issuer"), enacted September 4, 2001, and the sewer rate ordinance of the Issuer, enacted September 7, 1999, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured) (the "Series 2003 A Bonds"), to be issued on the date hereof, and all other obligations secured by or payable from revenues of the System, specifically including the Prior Bonds and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds") issued on December 30, 2002, as such term is defined in the Ordinance of the Issuer, enacted December 16, 2002, authorizing the issuance of the Series 2003 A Bonds.

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2003 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the date of issuance of the Series 2003 A Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the Series 2003 A Bonds, the Prior Bonds and the Series 2002 C Bonds.

Very truly yours,

J.C. KUNKLE & ASSOCIATES, A.C.

J.C. Kunkle & Associates, A.C.

Martinsburg, West Virginia
January 15, 2003

164 Lina Lane ▪ P.O. Box 925 ▪ Martinsburg, WV 25402
304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@ix.netcom.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

$4,135,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

CERTIFICATE OF REGISTRAR FOR SERIES 2002 C BONDS

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Series 2002 C Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Ordinance of the City of Charles Town (the "Issuer") enacted December 16, 2002, as supplemented (collectively the "Ordinance"):

1. The Bank is a state banking corporation, duly organized, validly existing, and in good standing under the laws of the United States of America, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Ordinance and to serve in the capacity of Registrar under the Ordinance.

2. The Bank has duly authorized, by all necessary action, the authentication of the Series 2002 C Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Ordinance, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Series 2002 C Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Series 2002 C Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President and Trust Officer	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Ordinance; the Series 2002 C Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Series 2002 C Bonds have been deposited as required by the Ordinance.

6. Attached hereto as EXHIBIT A is a correct listing of the Series 2002 C Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Series 2002 C Bonds.

WITNESS my signature on this 20th day of December, 2002.

UNITED BANK, INC.

By: _____
Its: Vice President

12/16/02
144220/00004

CH568887.1

EXHIBIT A - SERIES 2002 C BOND TERMS

Series 2002 C
$215,000 Serial Bonds

Maturity Date (December 1)	Maturity Amount	Interest Rate	Price	CUSIP
2013	105,000	4.00%	100.000%	160028 AY 2
2014	110,000	4.10%	100.000%	160028 AZ 9

Series 2002 C
$3,920,000 Term Bonds

Maturity Date (December 1)	Maturity Amount	Interest Rate	Price	CUSIP
2008	$ 480,000	3.00%	100.000%	160028 AW 6
2012	380,000	3.85%	100.000%	160028 AX 4
2017	360,000	4.35%	100.000%	160028 BA 3
2019	265,000	4.60%	99.415%	160028 BB 1
2022	440,000	4.60%	96.824%	160028 BC 9
2030	1,515,000	4.75%	95.964%	160028 BD 7
2032	480,000	5.00%	99.382%	160028 BE 5

(accrued interest to be added)

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT - UNINSURED)

CERTIFICATE OF REGISTRAR FOR SERIES 2003 A BONDS

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Ordinance of the City of Charles Town (the "Issuer") enacted December 16, 2002, as supplemented (collectively the "Ordinance"):

1. The Bank is a state banking corporation, duly organized, validly existing, and in good standing under the laws of the United States of America, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Ordinance and to serve in the capacity of Registrar under the Ordinance.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Ordinance, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President and Trust Officer	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Ordinance; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Ordinance.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

WITNESS my signature on this 15th day of January, 2003.

UNITED BANK, INC.

By: _____
Its: Vice President

12/14/02
144220/00004

CH568891.1

EXHIBIT A - SERIES 2003 A BOND TERMS

Series 2003 A
$1,000,000 Term Bonds

Maturity Date (December 1)	Maturity Amount	Interest Rate	Price or Yield	CUSIP
2022	$ 485,000	5.50%	94.232%	160028BF2
2032	$ 515,000	5.625%	93.498%	160028BG0

(accrued interest to be added)

$4,135,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

UNDERWRITER'S CERTIFICATE

The undersigned Gregory B. Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Series 2002 C Bonds"), hereby certifies that:

(a) At least 10% of each maturity of the Series 2002 C Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated December 16, 2002, by and between the City of Charles Town, West Virginia (the "Issuer") and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated December 16, 2002, relating to the Series 2002 C Bonds, including interest accrued on the Series 2002 C Bonds from December 1, 2002 to December 20, 2002. We have made a bona fide public offering of all Series 2002 C Bonds at the public offering price. At the time we agreed to purchase the Series 2002 C Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Series 2002 C Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement, including interest accrued on the Series 2002 C Bonds from December 1, 2002 to December 20, 2002.

(b) The level of funding of the Series 2002 C Bonds Reserve Account established by the Ordinance authorizing issuance of the Series 2002 C Bonds is reasonable and necessary because such an amount is required as a condition to obtaining bond insurance and marketing the Series 2002 C Bonds at the interest rates and with the maturities established for the Series 2002 C Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Series 2002 C Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Series 2002 C Bonds Reserve Account is equal to 125% of the average annual debt service on the Series 2002 C Bonds and is less than either the maximum

annual debt service on the Series 2002 C Bonds or 10% of the face amount of the Series 2002 C Bonds.

(c) The present value of the premium paid to MBIA Insurance Corporation to issue the policy to insure payment of principal of and interest on the Series 2002 C Bonds when due is less than the present value of the interest reasonably expected to be saved as a result of insuring the Series 2002 C Bonds.

(d) The weighted average maturity of the Series 2002 C Bonds is 18.437 years.

(e) The net interest cost on the Series 2002 C Bonds is 4.8698%.

(f) The yield on the Series 2002 C Bonds is 4.8773%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Certificate and IRS Form 8038-G relating to the Series 2002 C Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Series 2002 C Bonds.

Dated this 20th day of December, 2002.

CREWS & ASSOCIATES, INC.

By _____
Vice President

12/16/02
144220.00004

CH568894.1

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT-UNINSURED)

UNDERWRITER'S CERTIFICATE

The undersigned Gregory B. Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) At least 10% of each maturity of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated December 16, 2002, by and between the City of Charles Town, West Virginia (the "Issuer") and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated December 16, 2002, relating to the Bonds, including interest accrued on the Bonds from January 1, 2003 to January 15, 2003. We have made a bona fide public offering of all Bonds at the public offering price. At the time we agreed to purchase the Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement, including interest accrued on the Bonds from January 1, 2003 to January 15, 2003.

(b) The level of funding of the Reserve Account established by the Ordinance authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Reserve Account is equal to 125% of the average annual debt service on the Bonds and is less than either the maximum annual debt service on the Bonds or 10% of the face amount of the Bonds.

(c) The weighted average maturity of the Bonds is 19.252 years.

(d) The net interest cost on the Bonds is 6.0356380%.

(e) The yield on the Bonds is 6.0637475%.

(f) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Certificate and IRS Form 8038-G relating to the Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Bonds.

[Remainder of Page Intentionally Left Blank]

Dated this 15th day of January, 2003.

CREWS & ASSOCIATES, INC.

By: _____
Its: Vice President

01/14/02
144220.00004

CH568895.1

MBIA

REVISED AS OF DECEMBER 17, 2002
COMMITMENT TO ISSUE A
FINANCIAL GUARANTY INSURANCE POLICY

Application No.: 2002-009881-01
Sale Date: December 16, 2002
Program Type: Negotiated DP

Re: $4,135,000 City of Charles Town (West Virginia), Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C
(the "Obligations")

This commitment to issue a financial guaranty insurance policy (the "Commitment") dated December 17, 2002, constitutes an agreement between CITY OF CHARLES TOWN (WEST VIRGINIA) (the "Applicant") and MBIA Insurance Corporation (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

Based on an approved application dated November 15, 2002, the Insurer agrees, upon satisfaction of the conditions herein, to issue on the earlier of (i) 120 days of said approval date or (ii) on the date of delivery of and payment for the Obligations, a financial guaranty insurance policy (the "Policy") for the Obligations, insuring the payment of principal of and interest on the Obligations when due. The issuance of the Policy shall be subject to the following terms and conditions:

1. Payment by the Applicant, or by the Trustee on behalf of the Applicant, on the date of delivery of and payment for the Obligations, of a nonrefundable premium in the amount of $52,000 [.670% (premium rate) of $7,706,102.50 (total debt service), premium rounded to the nearest thousand]. The premium set out in this paragraph shall be the total premium required to be paid on the Policy issued pursuant to this Commitment.

2. The Obligations shall have received the unqualified opinion of bond counsel with respect to the tax-exempt status of interest on the Obligations.

3. There shall have been no material adverse change in the Obligations or the Resolution, Bond Ordinance, Trust Indenture or other official document authorizing the issuance of the Obligations or in the final official statement or other similar document, including the financial statements included therein.

4. There shall have been no material adverse change in any information submitted to the Insurer as a part of the application or subsequently submitted to be a part of the application to the Insurer.

5. No event shall have occurred which would allow any underwriter or any other purchaser of the Obligations not to be required to purchase the Obligations at closing.

6. A Statement of Insurance satisfactory to the Insurer shall be printed on the Obligations.

7. Prior to the delivery of and payment for the Obligations, none of the information or documents submitted as a part of the application to the Insurer shall be determined to contain any untrue or misleading statement of a material fact or fail to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.

8. No material adverse change affecting any security for the Obligations shall have occurred prior to the delivery of and payment for the Obligations.

MBIA

9. The Insurer's "Payments Under the Policy" (see attached) shall be included in the authorizing document.

10. This Commitment may be signed in counterpart by the parties hereto.

11. Compliance with the Insurer's General Document Provisions (see attached).

12. Compliance with the Insurer's List of Permissible Investments for Indentured Funds (see attached).

Dated this 17th day of December, 2002.

MBIA Insurance Corporation

By _____
Assistant Secretary

CITY OF CHARLES TOWN (WEST VIRGINIA)

By: Jane E. Arnett
Title: City Manager

FINANCIAL GUARANTY INSURANCE POLICY
MBIA Insurance Corporation
Armonk, New York 10504

Policy No. 39942

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to West Virginia Municipal Bond Commission, Charleston, West Virginia

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds
Series 2002 C (Insured)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 20th day of December, 2002.

COUNTERSIGNED:

Resident Licensed Agent

Charleston, WV
City, State

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

STD-RCS-6
4/95

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

MBIA

Capital Strength. Triple-A Performance.

TAX CERTIFICATE

City of Charles Town (West Virginia)
101 East Washington Street
Charles Town, West Virginia 25414

RE: $4,135,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)
(the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing a financial guaranty insurance policy (the "Policy") securing the payment of principal and interest on the Obligations.

This is to advise you that:

1. The Policy is an unconditional obligation of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the City of Charles Town (West Virginia) (the "Issuer");

2. The insurance premium in the amount of $52,000 for the Policy, represents the charge for a transfer of credit risk and was determined in arm's length negotiations and is required to be paid as a condition to the issuance of the Policy;

3. No portion of such premium represents an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;

4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policy; and

5. To the extent the Insurer is called upon to make any payment under the Policy, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: December 20, 2002

MBIA Insurance Corporation

Assistant Secretary

MBIA

CERTIFICATE OF MBIA INSURANCE CORPORATION

I, Amy R. Gonch, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and its policies as set forth in the Official Statement, dated December 16, 2002 under the caption "Bond Insurance", regarding $4,135,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 20th day of December, 2002.

Amy R. Gonch

Assistant Secretary

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

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December 20, 2002

City of Charles Town (West Virginia)
101 East Washington Street
Charles Town, West Virginia 25414

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds
Series 2002 C (Insured)

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy No. 39942 (the "Policy") relating to $4,135,000 City of Charles Town (West Virginia), Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured).

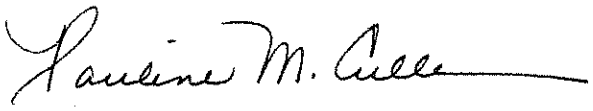
In so acting, I have examined a copy of the Policy and such other relevant documents as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York.

2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,



Pauline M. Cullen
Deputy General Counsel

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

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December 20, 2002

West Virginia Municipal Bond Commission
Charleston, West Virginia

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds
Series 2002 C (Insured)

Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). State Street Bank and Trust Company, N.A., New York, New York, (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owner"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.

MBIA

In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,

Gary C. Dunton
President

Page #3 Correction:

Series 2003 A Bonds:	Sources:	
	Principal Amount of the Bonds	$1,000,000.00
	Original Issue Premium	0.00
	Less Original Issue Discount	-61,460.10
	Accrued Interest	2,163.92
	Total Sources of Funds	940,703.82
Series 2003 A Bonds:	Uses:	
	Acquisition and Construction Fund	$ 847,917.39
	Reserve Account	71,943.76
	Costs of Issuance (1)	15,152.10
	Underwriters' Discount (2)	3,526.65
	Deposit to Debt Service Fund (Capitalized Interest)	2,163.92
	Total Sources of Funds	940,703.82

(1) Representing legal fees and expenses relating to the issuance of the Series 2003 A Bonds.

(2) Representing a portion of the Underwriters' Discount. The remaining portion was paid from non-bond proceeds of the Issuer.

BOOK ENTRY ONLY

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2002 C Bonds and Series 2003 A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, except, with respect to the Series 2003 A Bonds, for any period during which a Series 2003 A Bond is held by a person who, within the meaning of the Internal Revenue Code of 1986, as amended, is a "substantial user" of facilities financed with Series 2003 A Bonds proceeds or a "related person" thereto. Interest on the Series 2002 C Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest paid to corporate holders of the Series 2002 C Bonds may be indirectly subject to alternative minimum tax under certain circumstances. Interest on the Series 2003 A Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2002 C Bonds and Series 2003 A Bonds, and the interest thereon, are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. See "TAX EXEMPTION" *herein.*

$4,135,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2002 C (INSURED)

$1,000,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2003 A (AMT-UNINSURED)

Dated: December 1, 2002 (Series 2002 C Bonds) and January 1, 2003 (Series 2003 A Bonds)**Due:** As shown on inside front cover

The Series 2002 C Bonds and Series 2003 A Bonds (the "Bonds") are issued in fully registered form in the denomination of $5,000 principal amount or any integral multiple thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. The Bonds will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. Interest on the Bonds is payable on each June 1 and December 1, commencing June 1, 2003 (each, a "Payment Date"). Principal of, premium, if any, and interest on the Bonds is payable by the West Virginia Municipal Bond Commission, as paying agent (the "Paying Agent") to Cede & Co.

The Issuer has designated the Series 2002 C Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2002 C Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 in aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2002 C Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2002.

The Bonds are being issued by the City of Charles Town, West Virginia (the "Issuer") to provide funds (i) to pay accrued interest on the Bonds, (ii) to partially fund a Series 2002 C Bonds Reserve Account, (iii) to fund a Series 2003 A Bonds Reserve Account, (iv) to pay costs of issuing the Bonds and (v) to pay costs of acquisition, construction and equipping of certain waterworks and sewerage facilities. The Bonds are payable solely from and secured by the Gross Revenues (as defined herein), and moneys held in certain of the funds and accounts maintained under the Ordinance (as defined herein), all as more fully described herein. See "SECURITY FOR THE BONDS."

Payment of the principal of and interest on the Series 2002 C Bonds will be insured in accordance with the terms of a financial guaranty insurance policy to be issued simultaneously with the delivery of the Series 2002 C Bonds by MBIA Insurance Corporation. **The Series 2003 A Bonds will not be insured.**

MBIA

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS-Redemption" herein.

The Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, and the Issuer shall not be obligated to pay the Bonds or the interest thereon except from the above-referenced revenues and moneys. Neither the credit nor the taxing power of the Issuer shall be deemed to be pledged to, nor shall any tax ever be levied for, the payment of the principal of, premium, if any, or interest on the Bonds. This cover page contains only a brief description of the Issuer, the System, the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

The Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offering, without notice, and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, and the approval of certain matters by John T. Poffenbarger, Charleston, West Virginia, Counsel to the Underwriter. Certain legal matters will be passed upon for the Issuer by Hoy G. Shingleton, Jr., City Attorney. It is expected that the Series 2002 C Bonds will be available for delivery in New York, New York, at The Depository Trust Company on or about December 20, 2002. It is expected that the Series 2003 A Bonds will be available for delivery in New York, New York, at The Depository Trust Company on or about January 15, 2003.vailable for delivery in New York, New York, at The Depository Trust Company on or about January 15, 2003.

CREWS & ASSOCIATES, INC.

December 16, 2002

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

Series 2002 C
$215,000 Serial Bonds

Maturity Date (December 1)	Maturity Amount ($)	Interest Rate (%)	Price or Yield (%)	CUSIP
2013	105,000.00	4.00%	100.00%	160028 AY 2
2014	110,000.00	4.10%	100.00%	160028 AZ 9

(accrued interest to be added)

Series 2002 C
$3,920,000 Term Bonds

Maturity Date (December 1)	Maturity Amount ($)	Interest Rate (%)	Price or Yield (%)	CUSIP
2008	480,000.00	3.00%	100.00%	160028 AW 6
2012	380,000.00	3.85%	100.00%	160028 AX 4
2017	360,000.00	4.35%	100.00%	160028 BA 3
2019	265,000.00	4.60%	99.415%	160028 BB 1
2022	440,000.00	4.60%	96.824%	160028 BC 9
2030	1,515,000.00	4.75%	95.964%	160028 BD 7
2032	480,000.00	5.00%	99.382%	160028 BE 5

(accrued interest to be added)

Series 2003 A
$1,000,000 Term Bonds

Maturity Date (January 1)	Maturity Amount ($)	Interest Rate (%)	Price or Yield (%)	CUSIP
2022	485,000.00	5.50%	94.232%	160028 BF 2
2032	515,000.00	5.625%	93.498%	160028 BG 0

(accrued interest to be added)

CITY OF CHARLES TOWN, WEST VIRGINIA

J. Randolph Hilton, Mayor

CITY COUNCIL

Randy Breeden
John A. Ward
Matthew W. Ward
William F. Jordan, Jr.
Violet Lowery
Timothy P. Robinson
Russell C. Miller, Jr.
Geraldine Willingham

CITY MANAGER

Jane E. Arnett, CPA

CITY CLERK

Brenda Hamilton

CITY ATTORNEY

Hoy G. Shingleton, Jr.

CHARLES TOWN UTILITY BOARD

John Kastanek
Pete Kubic, PE
Thomas W. Stocks
Charles W. Kline
Jane E. Arnett, City Manager

UTILITY MANAGER

Pete Furr

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

PAYING AGENT

West Virginia Municipal Bond Commission
Charleston, West Virginia

UNDERWRITER

Crews & Associates, Inc.
Little Rock, Arkansas

UNDERWRITER'S COUNSEL

John Poffenbarger
Charleston, West Virginia

The information contained in this Official Statement has been obtained from the Issuer and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder, under any circumstances, shall create any implication that there has been no change in the affairs of the System since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities, other than those described on the cover page, or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$4,135,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS
SERIES 2002 C (INSURED)

$1,000,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS
SERIES 2003 A (AMT-UNINSURED)

INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, is provided to set forth certain information concerning the issuance by the City of Charles Town, a West Virginia municipal corporation (the "Issuer" or the "City"), of $5,135,000 in aggregate principal amount of its Combined Waterworks and Sewerage System Revenue Bonds Series 2002 C and 2003 A (collectively, the "Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), particularly Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act") and an ordinance enacted by the Council of the Issuer on December 16, 2002; as supplemented by a supplemental resolution adopted on December 16, 2002 (said ordinance, as so supplemented, the "Ordinance"). The net proceeds of the sale of the Bonds will be applied (i) to pay accrued interest on the Bonds, (ii) to partially fund a Series 2002 C Bonds Reserve Account and fully fund a Series 2003 A Bonds Reserve Account, (iii) to pay costs of issuing the Bonds and (iv) to pay costs of acquisition, construction and equipping of certain waterworks and sewerage facilities (the "Project"). See "PURPOSE AND PLAN OF FINANCING" herein.

The Bonds will be paid from and secured by the Gross Revenues (as defined under the heading "SECURITY FOR THE BONDS") derived from the Issuer's combined public waterworks and sewerage system ("System") and all moneys in the applicable Sinking Fund (including the Reserve Account and the Redemption Account therein).

The Bonds are special obligations of the Issuer. The Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation on indebtedness, and the Issuer shall not be obligated to pay the Bonds or the interest thereon except from such Gross Revenues and moneys in the applicable Sinking Fund, including the Reserve Account therein.

Pursuant to the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates and charges for the use of the System and its services. Such rates and charges shall be adequate at all times to produce Gross Revenues from the System sufficient to make the prescribed payments into the Funds and Accounts created under the Ordinance. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenants and agrees in the Ordinance that the schedule or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year. See "SECURITY FOR THE BONDS--Rate Covenant" and "THE SYSTEM--Summary of Historical and Projected Gross Revenues and Expenses" herein.

The Issuer may issue additional bonds secured by a lien on Gross Revenues on parity with the Bonds for the purpose of financing the costs of the construction of additions, betterments or improvements to the System and/or refunding all or a portion of one or more series of revenue bonds, to pay claims which may exist against the revenues or facilities of the System or all of such purposes, subject in each case to certain tests and conditions specified by the Ordinance. See "SECURITY FOR THE BONDS -- Additional Bonds."

Brief descriptions of the Bonds, the System, the Project, and the Ordinance are set forth in this Official Statement, which descriptions do not purport to be comprehensive. All references herein to the Ordinance, the Act and other documents, statutes, reports or instruments are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the Issuer or, during the period of the offering of the Bonds, from the Underwriter.

PURPOSE AND PLAN OF FINANCING

The Series 2002 C Bonds and Series 2003 A Bonds are being issued by the City of Charles Town, West Virginia (the "Issuer") to provide funds (i) to pay accrued interest on the Bonds, (ii) to fund 50% of a Series 2002 C Bonds Reserve Account (the balance of which will be funded from revenues over five years), (iii) to fully fund a Series 2003 A Bonds Reserve Account, (iv) to pay costs of issuing the Bonds and (v) to finance the Project. The Project consists of (i) the acquisition of the assets of the Tuscawilla Utilities water and sewer system and the engineering of a connecting water line; (ii) the acquisition of a one mile water main that will connect the System to the Huntfield development water system (from the proceeds of the Series 2003 A Bonds only); (iii) construction of a water tank to serve the existing System and the new area; and (iv) a meter replacement program at Tuscawilla. The Issuer is located in a rapidly growing area of West Virginia; these projects are necessary for adequate provisions of water supply, treatment and distribution infrastructure to maintain this sustained growth.

SOURCES AND USES OF FUNDS

Series 2002 C Bonds: Sources:

Principal Amount of the Bonds	$4,135,000
Original Issue Premium	0.00
Less Original Issue Discount	-79,636.45
Accrued Interest	9,594.60
Total Sources of Funds	$4,064,958.15

Series 2002 C Bonds: Uses:

Acquisition and Construction Fund	$3,780,063.15
Reserve Account	130,302.50
Costs of Issuance (1)	103,647.90
Underwriter's Discount	41,350.00
Deposit to Debt Service Fund	9,594.60
Total Uses of Funds	$4,064,958.15

(1) Representing legal fees and expenses, bond insurance premium, rating fee, printing costs and other miscellaneous expenses relating to the issuance of the Series 2002 C Bonds.

Series 2003 A Bonds: Sources:

Principal Amount of the Bonds	$1,000,000.00
Original Issue Premium	0.00
Less Original Issue Discount	-61,460.10
Accrued Interest	2,163.92
Total Sources of Funds	$940,703.82

Series 2003 A Bonds: Uses:

Acquisition and Construction Fund	$828,693.39
Reserve Account	71,943.76
Costs of Issuance (1)	12,902.75
Underwriter's Discount	25,000.00
Deposit to Debt Service Fund (Capitalized Interest)	2,163.92
Total Uses of Funds	$940,703.82

(1) Representing legal fees and expenses, printing costs and other miscellaneous expenses relating to the issuance of the Series 2003 A Bonds.

SECURITY FOR THE BONDS

Pledge of Revenues – Series 2002 C Bonds

The Series 2002 C Bonds are secured equally and ratably by a first lien on and pledge of the Gross Revenues, on a parity with certain previously issued Combined Waterworks and Sewerage System Revenue Bonds (the "Prior Bonds"), to the extent necessary to make the deposits required under the Ordinance to the applicable Series 2002 C Bonds Sinking Fund (including the Series 2002 C Bonds Reserve Account and the Series 2002 C Bonds Redemption Account therein), the Depreciation Fund and the Operation and Maintenance Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -- Application of System Gross Revenues." "Gross Revenues" are defined under the Ordinance to be the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for accounts; and includes any proceeds from the sales or other disposition of capital assets but does not include any increase in the value of capital assets (including Qualified Investments). Gross Revenues are pledged irrevocably to the payment of the principal of and interest on the Series 2002 C Bonds, the Prior Bonds and, upon issuance, the Series 2003 A Bonds, as the same become due and for the other purposes provided in the Ordinance.

The Series 2002 C Bonds also are secured by the moneys on deposit in the Series 2002 C Bonds Sinking Fund, including the Series 2002 C Bonds Reserve Account therein. In addition, pursuant to the Act, there exists a statutory mortgage lien on the System in favor of the registered owners of the Series 2002 C Bonds, the Prior Bonds and, upon issuance, the Series 2003 A Bonds, until such time as the Series 2002 C Bonds, the Series 2003 A Bonds and the Prior Bonds have been paid in full.

The enforceability of the liens, pledges, rights or remedies with respect to the Series 2002 C Bonds, the Series 2003 A Bonds, the Prior Bonds and the Ordinance is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights. The first lien on and pledge of Gross Revenues securing payment of the Series 2002 C Bonds, the Series 2003 A Bonds and the Prior Bonds may be subject to termination in the event of the bankruptcy of the Issuer or the Board, as defined hereinafter.

Pledge of Revenues – Series 2003 A Bonds

The Series 2003 A Bonds are secured equally and ratably by a first lien on and pledge of the Gross Revenues, on a parity with certain previously issued Series 2002 C Bonds and the Prior Bonds, to the extent

necessary to make the deposits required under the Ordinance to the applicable Series 2003 A Bonds Sinking Fund (including the Series 2003 A Bonds Reserve Account and the Series 2003 A Bonds Redemption Account therein), the Depreciation Fund and the Operation and Maintenance Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -- Application of System Gross Revenues." "Gross Revenues" are defined under the Ordinance to be the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for accounts; and includes any proceeds from the sales or other disposition of capital assets but does not include any increase in the value of capital assets (including Qualified Investments). Gross Revenues are pledged irrevocably to the payment of the principal of and interest on the Series 2003 A Bonds and the Prior Bonds as the same become due and for the other purposes provided in the Ordinance.

The Series 2003 A Bonds also are secured by the moneys on deposit in the Series 2003 A Bonds Sinking Fund, including the Series 2003 A Bonds Reserve Account therein. In addition, pursuant to the Act, there exists a statutory mortgage lien on the System in favor of the registered owners of the Series 2003 A Bonds, the Series 2002 C Bonds and the Prior Bonds until such time as the Series 2003 A Bonds, the Series 2002 C Bonds and the Prior Bonds have been paid in full.

The enforceability of the liens, pledges, rights or remedies with respect to the Series 2003 A Bonds, the Series 2002 C Bonds, the Prior Bonds and the Ordinance is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights. The first lien on and pledge of Gross Revenues securing payment of the Series 2003 A Bonds, the Series 2002 C Bonds and the Prior Bonds may be subject to termination in the event of the bankruptcy of the Issuer or the Board, as defined hereinafter.

Rate Covenant – Series 2002 C Bonds

The Issuer has covenanted to fix, establish and collect rates and charges for the use of the services and facilities of the System that shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the Funds and Accounts created under the Ordinance. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenants and agrees in the Ordinance that the schedule or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than the sum of 115% of the Maximum Annual Debt Service on the Series 2002 C Bonds, the Prior Bonds and, upon issuance, the Series 2003 A Bonds in any Fiscal Year. See "THE SYSTEM -- Rates" regarding the procedure by which rates may be revised.

Rate Covenant – Series 2003 A Bonds

The Issuer has covenanted to fix, establish and collect rates and charges for the use of the services and facilities of the System that shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the Funds and Accounts created under the Ordinance. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenants and agrees in the Ordinance that the schedule or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than the sum of 115% of the Maximum Annual Debt Service on the Series 2003 A Bonds, the Series 2002 C Bonds and the Prior Bonds in any Fiscal Year. See "THE SYSTEM -- Rates" regarding the procedure by which rates may be revised.

Reserve Account – Series 2002 C Bonds

Pursuant to the Ordinance, the Issuer will maintain on deposit in the Series 2002 C Bonds Reserve Account of the Series 2002 C Bonds Sinking Fund established with the Commission an amount equal to the Series 2002 C Bonds Reserve Account Requirement for the Series 2002 C Bonds. The "Series 2002 C Bonds Reserve Account Requirement" is defined under the Ordinance, as of any date of calculation, to be an amount equal to the lesser of

(i) 10% of the original principal amount of the Series 2002 C Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2002 C Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2002 C Bonds. Maximum Annual Debt Service is defined in the Ordinance to be, at the time of computation, the greatest amount of Debt Service required to be paid on the Series 2002 C Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

Moneys in the Series 2002 C Bonds Reserve Account will be used only to pay principal of or interest on the Series 2002 C Bonds as due when other moneys in the Series 2002 C Bonds Sinking Fund are insufficient therefor; provided that any such moneys in excess of the Series 2002 C Bonds Reserve Account Requirement will be deposited in the Series 2002 C Bonds Sinking Fund as described under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -- Application of System Gross Revenues." The Issuer is required to restore any withdrawals from the Series 2002 C Bonds Reserve Account that have the effect of reducing the assets therein below the Series 2002 C Bonds Reserve Account Requirement, first from moneys remaining in the Revenue Fund following payment into the Series 2002 C Bonds Sinking Fund of moneys in respect of the next ensuing principal and interest payments on the Series 2002 C Bonds and required deposits to the Operation and Maintenance Fund, and second from the Depreciation Fund, provided that such restoration is not required when the aggregate amount of funds in the Series 2002 C Bonds Sinking Fund, including the Series 2002 C Bonds Reserve Account, is at least equal to the aggregate principal amount of Series 2002 C Bonds outstanding, plus the amount of interest due or thereafter to become due on said Series 2002 C Bonds.

The Series 2002 C Bonds will be funded at 50% of Series 2002 C Bonds Reserve Account Requirement at closing. The City will make deposits annually into the Series 2002 C Bond Reserve Account over a five (5) year period until the Account is fully funded.

Reserve Account – Series 2003 A Bonds

Pursuant to the Ordinance, the Issuer will maintain on deposit in the Series 2003 A Bonds Reserve Account of the Series 2003 A Bonds Sinking Fund established with the Commission an amount equal to the Series 2003 A Bonds Reserve Account Requirement for the Series 2003 A Bonds. The "Series 2003 A Bonds Reserve Account Requirement" is defined under the Ordinance, as of any date of calculation, to be an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2003 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2003 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2003 A Bonds. Maximum Annual Debt Service is defined in the Ordinance to be, at the time of computation, the greatest amount of Debt Service required to be paid on the Series 2003 A Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

Moneys in the Series 2003 A Bonds Reserve Account will be used only to pay principal of or interest on the Series 2003 A Bonds as due when other moneys in the Series 2003 A Bonds Sinking Fund are insufficient therefor; provided that any such moneys in excess of the Series 2003 A Bonds Reserve Account Requirement will be deposited in the Series 2003 A Bonds Sinking Fund as described under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -- Application of System Gross Revenues." The Issuer is required to restore any withdrawals from the Series 2003 A Bonds Reserve Account that have the effect of reducing the assets therein below the Series 2003 A Bonds Reserve Account Requirement, first from moneys remaining in the Revenue Fund following payment into the Series 2003 A Bonds Sinking Fund of moneys in respect of the next ensuing principal and interest payments on the Series 2003 A Bonds and required deposits to the Operation and Maintenance Fund, and second from the Depreciation Fund, provided that such restoration is not required when the aggregate amount of funds in the Series 2003 A Bonds Sinking Fund, including the Series 2003 A Bonds Reserve Account, is at least equal to the aggregate principal amount of Series 2003 A Bonds outstanding, plus the amount of interest due or thereafter to become due on said Series 2003 A Bonds.

The Series 2003 A Bonds Reserve Account will be fully funded at closing.

Application of Gross Revenues – Series 2002 C Bonds and 2003 A Bonds

System Revenues and Application Thereof. So long as any of the Series 2002 C Bonds or the Series 2003 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the Prior Bonds; (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2002 C Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2002 C Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2002 C Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2002 C Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2002 C Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2002 C Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2002 C Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2002 C Bonds Sinking Fund; and (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2003 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2003 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2003 A Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2003 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2003 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2003 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2003 A Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) for deposit in the Series 2002 C Bonds Sinking Fund (and in the Series 2002 C Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2002 C Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2002 C Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2002 C Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2002 C Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2002 C Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required

Sticker to be added to

Official Statement for

$4,135,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2002 C (INSURED)

$1,000,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2003 A (AMT-UNINSURED)

January 14, 2003

Inside Cover Correction:

Series 2003 A
$1,000,000 Term Bonds

Maturity Date (December 1)	Maturity Amount ($)	Interest Rate (%)	Price or Yield (%)	CUSIP
2022	485,000.00	5.50%	94.232%	160028 BF 2
2032	515,000.00	5.625%	93.498%	160028 BG 0

(accrued interest to be added)

Page #9 Correction:

THE BONDS

The Bonds are available in book-entry form only. See "BOOK-ENTRY ONLY SYSTEM" below. So long as Cede & Co. is the registered owner of the Bonds as nominee of The Depository Trust Company, New York, New York, references herein to the Bondholders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds.

Description

The Bonds are being issued in the form of serial and term Bonds, the interest on which accrues and is payable on December 1 and June 1 of each year, commencing June 1, 2003 (each a "Payment Date"). The Bonds are dated, bear interest and mature as set forth on the inside front cover of this Official Statement.

amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2002 C Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph; and (iii) for deposit in the Series 2003 A Bonds Sinking Fund (and in the Series 2003 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2003 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2003 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2003 A Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2003 A Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2003 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; (ii) commencing 13 months prior to the first date of payment of principal of the Series 2002 C Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2002 C Bonds, for deposit in the Series 2002 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 C Bonds Reserve Requirement; provided further, that if the amounts in the Series 2002 C Bonds Reserve Account, as a result of a decrease in value of the Series 2002 C Bonds Reserve Account below the Series 2002 C Reserve Account Requirement or any withdrawal from the Series 2002 C Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2002 C Bonds Reserve Act, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2002 C Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2002 C Bonds Reserve Account is less than the Series 2002 C Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2002 C Bonds Reserve Account for deposit into the Series 2002 C Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2002 C Bonds Reserve Account to an amount equal to the Series 2002 C Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2002 C Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2002 C Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2002 C Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2002 C Reserve Account Requirement; and (iii) such monies, to the extent provided below, for deposit into the Series 2003 A Bonds Reserve Account, as a result of a decrease in value of the Series 2003 A Bonds Reserve Account below the Series 2003 A Reserve Account Requirement or any withdrawal from the Series 2003 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2003 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2003 A Bonds Reserve Account is less than the Series 2003 A Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2003 A Bonds Reserve Account for deposit into the Series 2003 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2003 A Bonds Reserve Account to an amount equal to the Series 2003 A Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2003 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2003 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that

no payments shall be required to be made into the Series 2003 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2003 A Bonds Reserve Account Requirement.

Amounts in the Series 2002 C Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2002 C Bonds when due, when amounts in the Series 2002 C Bonds Sinking Fund are insufficient therefor and for no other purpose.

Amounts in the Series 2003 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2003 A Bonds when due, when amounts in the Series 2003 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) Thereafter from the monies remaining in the Revenue Fund, the Issuer shall next, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2002 C Bonds Sinking Fund and the Series 2003 A Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2002 C Bonds and the Series 2003 A Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2002 C Bonds and the Series 2003 A Bonds, all in accordance with the respective principal amounts then Outstanding.

Additional Bonds

Additional bonds, payable from Gross Revenues on parity with the Bonds and the Prior Bonds, may be issued under the Ordinance for the purpose of financing the costs of the construction of additions, betterments or improvements to the System, refunding all or a portion of the Bonds or the Prior Bonds, to pay claims which may exist against the Gross Revenues or facilities of the System or all of such purposes.

Additional bonds may be issued to finance the costs of additions, betterments or improvements to the System or to refund the Bonds only upon the requisite certifications by Independent Accountants that the Net Revenues actually derived from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity bonds, plus the increased annual Net Revenues expected to be received after the date of issuance of such parity bonds, shall not be less than 115% of the Maximum Annual Debt Service of the following:

(1) The Bonds and the Prior Bonds then Outstanding;

(2) Any additional parity bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(3) The additional parity bonds then proposed to be issued.

The "increased annual Net Revenues expected to be received", as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such additional parity bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

Limited Obligations

The Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation on indebtedness. No registered owner of any Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

THE BONDS

The Bonds are available in book-entry form only. See "BOOK-ENTRY ONLY SYSTEM" below. So long as Cede & Co. is the registered owner of the Bonds as nominee of The Depository Trust Company, New York, New York, references herein to the Bondholders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds.

Description

The Bonds are being issued in the form of serial and term Bonds, the interest on which accrues and is payable on January 1 and July 1 of each year, commencing July 1, 2003 (each a "Payment Date"). The Bonds are dated, bear interest and mature as set forth on the inside front cover of this Official Statement.

The Bonds are issued in fully registered form in denominations of $5,000 principal amount and integral multiples thereof.

Interest on, premium, if any, and principal of the Bonds are payable by the West Virginia Municipal Bond Commission, Charles Town, West Virginia, as paying agent (the "Paying Agent") to Cede & Co. by wire transfer in immediately available funds in accordance with the terms of a Letter of Representation by and among the Paying Agent, the Issuer and DTC (the "Letter of Representation").

Redemption – Series 2002 C Bonds

Optional Redemption. The 2002 C Bonds maturing on or after December 1, 2013 are subject to redemption, at the option of the Issuer on or after December 1, 2012, in whole or in part, at any time in inverse order of maturity by lot within a maturity, at the following redemption prices expressed as percentages of the principal amount, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period Series 2002 C Bonds	Price
December 1, 2012 through November 30, 2013	102%
December 1, 2013 through November 31, 2014	101%
December 1, 2014 and thereafter	100%

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption prior to maturity, by lot, from the Redemption Account created in the Sinking Fund, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption:

2002 C Term Bonds Due December 1, 2008

Year (December 1)	Principal Amount
2003	$75,000
2004	$75,000
2005	$80,000
2006	$80,000
2007	$85,000
2008 (maturity)	$85,000

2002 C Term Bonds Due December 1, 2012

Year (December 1)	Principal Amount
2009	$90,000
2010	$95,000
2011	$95,000
2012 (maturity)	$100,000

2002 C Term Bonds Due December 1, 2017

Year (December 1)	Principal Amount
2015	$115,000
2016	$120,000
2017 (maturity)	$125,000

2002 C Term Bonds Due December 1, 2019

Year (December 1)	Principal Amount
2018	$130,000
2019 (maturity)	$135,000

2002 C Term Bonds Due December 1, 2022

Year (December 1)	Principal Amount
2020	$140,000
2021	$145,000
2022 (maturity)	$155,000

2002 C Term Bonds Due December 1, 2030

Year (December 1)	Principal Amount
2023	$160,000
2024	$170,000
2025	$175,000
2026	$185,000
2027	$195,000
2028	$200,000
2029	$210,000
2030 (maturity)	$220,000

2002 C Term Bonds Due December 1, 2032

Year (December 1)	Principal Amount
2031	$235,000
2032 (maturity)	$245,000

Redemption – Series 2003 A Bonds

Optional Redemption. The 2003 A Bonds maturing on or after December 1, 2005 are subject to redemption, at the option of the Issuer, in whole or in part, at any time in inverse order of maturity and by lot within a maturity, at the price of 100% of the principal amount thereof, plus interest, if any, accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2003 A Bonds are subject to mandatory redemption prior to maturity, by lot, from the Redemption Account created in the Sinking Fund, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption:

2003 A Term Bonds Due December 1, 2022

Year (December 1)	Principal Amount
2003	$15,000
2004	$15,000
2005	$15,000
2006	$15,000
2007	$15,000
2008	$20,000
2009	$20,000
2010	$20,000
2011	$20,000
2012	$20,000
2013	$25,000
2014	$25,000
2015	$25,000
2016	$30,000
2017	$30,000
2018	$30,000
2019	$35,000
2020	$35,000
2021	$35,000
2022	$40,000

2003 A Term Bonds Due December 1, 2032

2003 A Term Bonds Due December 1, 2032

Year (December 1)	Principal Amount
2023	$40,000
2024	$40,000
2025	$45,000
2026	$45,000
2027	$50,000
2028	$55,000
2029	$55,000
2030	$60,000
2031	$60,000
2032 (maturity)	$65,000

Redemption – General

Unless waived by any holder of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(1) The redemption date,

(2) The redemption price,

(3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the redemption date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar, and,

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds that are to be redeemed on that date.

In addition to the foregoing notice, further notice as set out below shall be given by the Registrar, but no defect in said further notice nor any failure to give all or any portion of said further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above described.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to The Bond Buyer of New York, New York, and all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Trust Company of San Francisco, California and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

(3) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

BOOK-ENTRY ONLY SYSTEM

The Bonds will be available in book-entry form only, in the authorized denominations set forth in the Ordinance. Purchasers of the Bonds will not receive certificates representing the interests in the Bonds purchased.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds Exchange Act of 1934. DTC holds Bonds that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of Bonds transactions, such as transfers and pledges, in deposited Bonds through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of Bonds certificates. Direct Participants include Bonds brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Bonds Dealers, Inc. Access to the DTC system is also available to others such as Bonds brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (" Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Bonds and Exchange Commission.

3. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may

wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book- entry credit of tendered Bonds to the Trustee's DTC account.

10. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book- entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

BOND INSURANCE

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. MBIA's policy does not, under any circumstance, insure against loss relating to: (i)

optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth under the heading "FINANCIAL GURANTY INSURANCE POLICY". Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The Financial Guarantee Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2001; and

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2001, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002), are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2001, MBIA had admitted assets of $8.5 billion (audited), total liabilities of $5.6 billion (audited), and total capital and surplus of $2.9 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2002, MBIA had admitted assets of $8.7 billion (unaudited), total liabilities of $5.7 billion (unaudited), and total capital and surplus of $3.0 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

THE SYSTEM

The City has operated a water treatment and distribution system since 1961 and a sewerage collection and treatment system since 1928. The systems are legally combined.

WATER

The City's water treatment plant is a state of the art facility utilizing complete recycling of backwash and system overflows, gravity plate settlers, sludge concentrators and declining rate filter. Designed to operate at 3.0 million gallons per day (MGD), it is expandable to 4.2 MGD by only changing pump capacities. Being of modular design, it can be enlarged to 8.4 MGD.

Raw water is obtained from the Shenandoah River through a single intake screen and 20-inch intake line which feeds into a 3.0 MGD pump station. The river is approximately 600 feet upstream of the Route 9 bridge. The Shenandoah River is part of the Chesapeake Bay Watershed, and has a drainage area of approximately 3,000 square miles. The plant is designed to produce an adequate supply of water meeting the requirements of the Safe Drinking Water Act.

According to a June 30, 2001 bill analysis, approximately 3,459 billings were made by the water system, of which 2,987 were residential, 467 were commercial, and 5 were industrial.

Water Usage – Annual Gallons Sold

Fiscal Year (ending June 30)	Residential	Commercial	Other	Total Customers
2000	157,200,000	87,098,000	6,433,000	3,829
2001	145,318,000	99,556,000	10,611,000	4,158
2002	145,318,000	99,556,000	10,718,000	4,456

Water Service Area

A map of the water service area can be found in Appendix E.

SEWER

The City owns, operates and maintains a wastewater treatment plant and a collection system, which extends throughout the City, the Town of Ranson, and the Jefferson County Public Service District, consisting of approximately 85 miles of sewer main. All operating and maintenance expenses, in addition to capital improvement expenditures, for the 1.2 MGD treatment plant are evenly split between the three entities pursuant to an existing long term sewer service agreement. Until operational problems at the treatment plant became too prevalent due to overloading, the facility also received septage from several local septage haulers. The plant discharges its treated effluent to Evitts Run, a tributary of the Shenandoah River.

According to a recent survey of sewer customers, as of June 30, 2002, approximately 10,940 residential customers were served by the wastewater treatment plant. This number was derived from metered water billing accounts and 2000 census information. The breakdown of residential customers in the three service entities is as follows:

Charles Town:	1,262 residences @ 2.26 people/residence	=	2,852
Ranson:	1,236 residences @ 2.44 people/residence	=	3,016
Jefferson Co. PSD:	1,997 residences @ 2.54 people/residence	=	5,072
			10,940

Sewer Service Area

The Charles Town Wastewater Treatment Plant serves the following areas of Jefferson County as illustrated on the regional map:

North to the Bardane and Burr Industrial Parks including Jefferson High School and the Job Corps Center. This northern area is further described to include the subdivisions of Walnut Grove, Security Hills, Breckenridge, Briar Run, Flowing Springs, Patrick Henry as well as the Charles Town Plaza that includes Wal-Mart, Jefferson Crossing Shopping Center and the Charles Town Race Track.

The eastern boundary is described as approximately the Halltown area south of the railroad track, then in a southerly direction further bounded approximately by Marlowe Road.

West along the Frontage Road of the U. S. Route 340 on the South to the Route 9 Bypass to encompass all of Charles Town and Ranson. South and west approximately bounded by Huyett Road and Summit Point Road. Due west outside the corporate limits of Ranson to include Orchard Hills subdivision north to Leetown Pike.

MAYOR/COUNCIL

The City is governed by an elected Mayor and Council. The Mayor and Council members, terms and occupations are listed below:

Mayor/Council	Term	Occupation
J. Randolph Hilton	6/01 to 6/05	H.R. Specialist
Randy Breeden	6/99 to 6/03	Information Technology Specialist
Violet Lowery	6/01 to 6/05	Nursing Services Secretary
John A. Ward	6/99 to 6/03	Retired
Timothy P. Robinson	6/01 to 6/05	Auto Technician/Reverend
Matthew W. Ward	6/99 to 6/03	Attorney
Russell C. Miller, Jr.	6/01 to 6/05	Retired
William F. Jordan	6/99 to 6/03	Assistant Funeral Director
Geraldine Willingham	6/01 to 6/05	Retired

Jane E. Arnett, a certified public accountant, has been the City Manager for the past 7 years. Ms. Arnett joined the City's staff in 1994. In addition to the City Manager, the City has 21 full-time employees.

UTILITY BOARD

Pursuant to the Act and the Board Ordinance, the System is operated by a Utility Board appointed by the Council. Utility Board members include John Kastanek, Peter Kubic, Registered Professional Engineer, Thomas W. Stocks, Charles W. Kline and the City Manager. The Board employs a Utility Manager, 15 full-time and 1 part-time employees, including a Class III, Wastewater Plant Operator/Superintendent and a Class III, Water Treatment Plant Operator/Superintendent.

SUMMARY OF PAST PROJECTS

The City is committed to continue improvements in the operation of water and wastewater systems. A brief history of the past projects and significant improvements under the current management include:

- Completed a water loss audit by an independent engineering firm (ACER Engineers & Consultants, Inc.).
- Implemented the recommendations of the audit through adoption of a water loss mitigation plan, a 100% water meter replacement program and hardware and software upgrades, to provide increased cash flow.
- Under West Virginia Senate Bill 568, requested and had completed a Public Service Commission audit.

- Adopted Finance Policy F1-1, *Collection Procedures,* to comply with PSC Rule 4.8, *Utility Discontinuance of Service,* to improve water and sewer collections.

- With regard to wastewater treatment and following a Pre-Application and Feasibility Study, an Inflow and Infiltration Study, an Influent BOD Source Study, Volumetric Metering of Effluent Flow, and Facilities Plan, the City completed a $4.3 million upgrade to a sequential batch reactor system at the Wastewater Treatment Plant.

- Preliminary Infrastructure Council Application and Division of Environmental Protection Application filed for relocating the wastewater effluent discharge from Evitts Run, a secondary trout stream, to the Shenandoah River.

- Completed approximately $350,000 in renovation work to the present City Hall building for improved handicap accessibility, and mechanical and electrical systems upgrades that included new computer cabling to improve network and on-line capabilities. This building houses certain water and wastewater administrative functions.

- Facilities Plan for Water System completed March 2001.

- Purchased a private utility with 175 customers, that includes a Super Wal-Mart. Purchased the assets of the Charles Town Races and Gaming private water system and connected the property to the City of Charles Town Water System.

SERIES 2002 C PROJECT

The Series 2002 C Bonds will finance the acquisition of the assets of the existing Tuscawilla Utilities water and sewer systems, the engineering for a water connecting line, construction of one Tuscawilla water tank and the construction of one Huntfield development water tank. Tuscawilla currently serves approximately 825 residential customers. Total cost is approximately $2.8 million. $600,000 will also be used to replace meters within the Tuscawilla system.

SERIES 2003 A PROJECT

The Series 2003 A Bonds will provide funds to acquire an approximately one mile water main that will connect the System to the Huntfield development water system. This new development of approximately 1,000 acres has the capacity to accommodate over 3,000 homes.

The Huntfield developer, Greenvest LC (the "Developer"), has entered into a agreement (the "Developer Agreement") with the City whereby the Developer has agreed to make monthly payments to the City, equal to the portion of the principal and interest payments on the Series 2003 A Bonds which is not received by the Issuer from customers within the Huntfield development. Initially, the Developer is expected to pay the entire amount due on a monthly basis, with the amount of payments decreasing as homes are constructed within the Huntfield development. As security for the Developer's obligation under the Developer Agreement, the Developer has provided certain collateral to the City. The collateral will remain in place during the initial build out and sale of properties in the Huntfield development until such time as the revenues from the development are adequate to support the debt service of the Series 2003 A Bonds.

THE SERIES 2003 A BONDS ARE SECURED ONLY BY THE GROSS REVENUES OF THE SYSTEM, AS SET FORTH UNDER "SECURITY FOR THE BONDS" HEREIN. THE SERIES 2003 A BONDS ARE NOT SUPPORTED BY A SURETY, A LETTER OF CREDIT OR ANY OTHER FORM OF CREDIT ENHANCEMENT.

CUSTOMER STATISTICS

The average number of System customers for the past ten Fiscal Years are as follows:

Fiscal Year (ending June 30)	Number of Water Customers	Number of Sewer Customers (Charles Town Only)
1993	3,440	1,206
1994	3,427	1,402
1995	3,440	1,407
1996	3,466	1,412
1997	3,486	1,423
1998	3,634	1,422
1999	3,674	1,429
2000	3,829	1,420
2001	4,158	1,416
2002	4,456	1,513

As of June 30, 2002, the System had 4,456 water customers, consisting of 2,978 residential customers, 1,367 commercial customers, 6 industrial customers and 105 other general customers. In addition to its residential and commercial customers, the City treats the wastewater from the City of Ranson and Jefferson County Public Service District.

Source: City of Charles Town

The following table sets forth the **ten largest customers of the water portion** of the System and related annual revenues for the fiscal year ended June 30, 2002.

	Customer	Annual Revenue
1.	Chakmakian Apts	$33,124
2.	Apple Tree Garden Apts	$31,434
3.	Jeffersonian Manor	$27,174
4.	Jefferson Memorial Hospital	$25,671
5.	Kidde Fire Fighting	$24,608
6.	Habitat America, LLC	$21,530
7.	North Gate	$18,010
8.	C.T. Associates	$15,539
9.	Gantt	$14,964
10.	Shenandoah Nursing Home	$11,786

Source: City Billing Records.

The following table sets forth the **ten largest customers of the sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2002.

	Customer	Annual Revenue
1.	Jeffersonian Manor	$24,166
2.	Washington Village	$11,358
3.	Charles Town Apts	$11,790
4.	Towne House	$11,409

5.	TLC Laundromat	$5,847
6.	Wright Denny	$3,776
7.	Fritts	$3,175
8.	McDonald's	$2,287
9.	KFC	$2,160
10.	CT Jr. High	$1,967

Source: City Billing Records.

RATES

Pursuant to the Act, the governing body of a municipality, or independent board charged with such responsibility, must fix minimum rates and charges for the use of its municipal water and sewerage systems and may increase such rates whenever deemed necessary. Such rates and charges are required by the Act to be sufficient at all times to provide for the payment of interest on all bonds issued pursuant to the Act and to create a sinking fund to pay the principal of such bonds as and when the same becomes due, and reasonable reserves therefore, to provide for the repair, maintenance and operation of the water and sewerage systems, to provide an adequate depreciation fund and to make any other payments required or provided for in the applicable bond ordinance.

Chapter 18, Article 20 of the Code of West Virginia, 1933, as amended, provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Such rates and charges must be filed with the Public Service Commission of West Virginia (the "PSC") but generally are not subject to regulatory approval. However, any customer of a municipally operated utility aggrieved by a rate change may present to the PSC within 30 days of the adoption of the ordinance providing for the change a petition signed by not less than 25 percent of the customers served by the utility. Within 100 days from the filing of any such petition, a hearing examiner must issue an order approving, disapproving or modifying the rate increase. Such order has the full force and effect of an order issued by the PSC. Also, if a municipally operated utility serves customers outside the boundaries of the municipality, the PSC is empowered to review, approve or modify such rates if, within 30 days of the adoption of the ordinance providing for such rates, a customer (including a wholesale user) alleges that such rates constitute discrimination between customers within and without the municipal boundaries. The PSC may determine the method by which such rates are reviewed and may grant and conduct a new hearing on the matter if the customer or the municipality requests such a hearing.

CURRENT WATER RATES

The Town Council enacted a water rate increase on October 19, 2001. The current rates are as follows:

Water Rates (Based upon the metered amount of water supplied)

First	10,000 gallons used per month	$6.67 per 1,000 gallons
Next	30,000 gallons used per month	$5.67 per 1,000 gallons
All over	40,000 gallons used per month	$4.48 per 1,000 gallons

No billing will be rendered for less than the following amounts, according to the size of the meter installed:

5/8" of 5/8" x _	Meter	$16.68 per month
_"	Meter	$25.02 per month
1"	Meter	$41.70 per month
1-1/2"	Meter	$83.40 per month
2"	Meter	$133.40 per month
3"	Meter	$250.20 per month
4"	Meter	$417.00 per month
6"	Meter	$834.00 per month

Flat Rate

For Domestic, Commercial or Industrial Customer --$30.02 per month for 4,500 gallons.

Delayed Bill

The above schedule is net. On all accounts not paid in full within twenty (20) days after the day of the bill, five percent (5%) will be added to the net amount shown. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Domestic service shall be billed Bi-Monthly. Commercial and Industrial service shall be billed Monthly. All bills shall be payable when rendered. When any bill has remained unpaid for thirty days (30) after rendition, it shall be deemed delinquent and the water service to the premises involved in such delinquent charges shall be discontinued until such time as all delinquent charges plus a reconnection charge of $10.00 are paid in full.

Tapping Fee

A fee of $350.00 will be charged for connecting to the system.

Rates for Fire Protection - Public

Fire Hydrants, each	$72.00 per annum

Rates for Fire Protection - Private

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	$00.20 per annum

Capacity Improvements Capital Cost Fee

In addition to all the fees provided above, there shall be paid to the City at the time the application is made for connection of an unserved facility to the water system a capacity improvement capital cost fee of $750 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth hereinafter. The funds collected from the capacity improvement capital cost fee shall be maintained in a separate fund by the Water System and shall be used only for the purpose of improving the water system treatment, storage and transmission facilities. These charges shall also be paid by customers of the water system who resell water supplied by the City to its customers in the same amount as if those connected to the resale equivalent for other that single family residential units for the capacity improvements capital cost free are as follows:

RESIDENTIAL USAGE EQUIVALENTS FOR CAPACITY IMPROVEMENTS CAPITAL COST FEE

UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches With Kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
Bar & Cocktail Lounge (add.)	2/patron	0.013/patron
Tavern-Little or No food	20/seat	0.132/person per shift
Hotel	120/room	0.8/person per shift
Industry, Sanitary	15/person/shift	0.1 person per shift

INSTITUTIONS		
Hospital	250/bed	1.67/bed
Nursing Home	150/bed	1.0/bed
Others	75/bed	0.5/bed
Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
Mobile Home Park	150/unit space	1.0 unit space
Motels	120/room	0.8/room
Retail Stores	400/toilet room	2.67/toilet room
Residence	150/residence	1.0 residence
SCHOOL		
Day, no cafeteria/Showers	15/pupil	0.1/pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria/Showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
THEATERS		
Drive In	4/car space	0.027/car space
Others	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the water department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

CURRENT SEWER RATES

The Town Council enacted a sewer rate increase on December 28, 2000. The current rates are as follows:

Sewer Rates (except for territory formerly served by Sanitary Associates)

Available for general domestic, commercial and industrial services in entire territory served.

		RATE
First	2,500 gallons used per month	$4.85 per 1,000 gallons
All Over	2,500 gallons used per month	$3.90 per 1,000 gallons

Minimum Monthly Charge (except for territory formerly served by Sanitary Associates)

The minimum monthly charge to any user of the sewerage portion of the System shall be $12.13.

Sewer Rates (for territory formerly served by Sanitary Associates)

Available for general domestic, commercial and industrial services in entire territory served.

		RATE
First	30,000 gallons used per month	$4.62 per 1,000 gallons
All Over	30,000 gallons used per month	$4.21 per 1,000 gallons

Minimum Monthly Charge (for territory formerly served by Sanitary Associates)

The minimum monthly charge to any user of the sewerage portion of the System shall be $13.86.

Delayed Payment Penalty

A 10% (5% for the Sanitary Associates territory) penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

Sewer Connection Charge

Normal tap-on fee $400

Inspection Fee

A fee of twenty dollars ($20.00) shall be charged for inspection of hook-up to the System.

SUMMARY OF DOUBTFUL ACCOUNTS

Year Ended June 30	Operating Revenues	Provision for Doubtful Accounts	Accounts Receivable Written Off
1999	$2,244,640	-0-	$20,605
2000	$2,068,243	-0-	$5,076
2001	$1,972,845	-0-	$67,629

Source: City Billing Records, Public Service Commission Annual Report

The City has covenanted to diligently enforce and collect all fees and charges as described in "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE –General Covenants—Enforcement of Collections" herein.

SYSTEM BUDGET AND EXPENDITURE

An operating budget is prepared annually by the Utility Board and is approved by the Council.

METHOD OF ACCOUNTING

The accounts of the Water and Sewer Funds are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the City accounts are maintained in accordance with generally accepted accounting principles. Cox Nichols Hollida, CPA's and Consultants, LLP audited the records of the City for the fiscal year ended June 30, 2001. (See Appendix A-1 – "Audited Financial Statements for Fiscal Year Ended June 30, 2001".)

RETIREMENT SYSTEM

All full-time City employees are eligible to be covered under the West Virginia Public Employees Retirement System. Employees contribute 4.5% of gross income which contribution is matched by a 9.5% of gross income contribution by the City.

RETIREMENT SYSTEM CONTRIBUTIONS

	Fiscal Years Ended June 30,		
	1999	2000	2001
City Contribution Amount	$47,381	$36,501	$38,484

Source: City of Charles Town Audits

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SUMMARY OF HISTORICAL REVENUES AND EXPENSES

Under the Ordinance, the City has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 115% of the maximum amount of debt service in any year on all Bonds.

The following table presents the historical debt service coverage ratio for the Prior Bonds for the fiscal years ended June 30, 1999, 2000 and 2001:

CITY OF CHARLES TOWN, WV
Summary Statement of Income and Expenses – Combined Water and Sewer Funds
Fiscal Years Ended June 30
Actual Results of Operations ($)

	1999	2000	2001
Operating Revenues:			
Sales and Service to customers	$1,971,343	$2,068,183	$2,241,762
	0	0	0
Total Operating Revenues	$1,971,343	$2,068,183	$2,241,762
Operating Expenses:			
Personnel services	510,262	519,697	$518,619
Contractual services	22,825	32,142	24,076
Materials and supplies	147,309	165,616	168,182
Utilities	113,251	119,372	103,035
Depreciation	366,290	376,186	391,997
Maintenance	158,301	169,306	151,416
General and Administrative	74,028	91,945	97,494
Utility plant amortization	4,117	4,117	3,088
Total Operating Expenses	1,396,383	$1,478,381	$1,457,907
Operating Income:			
Operating Income	$574,960	$589,802	$783,855
Other Income	39,536	38,711	48,312
Interest Income	71,117	75,442	105,556
Income Available for Debt Service	$685,613	$703,955	$937,723
Other Expense:			
Bond Interest	$621,395	$585,950	$ 590,606
Bond Discounts and Issuance Costs Amortized	20,112	20,881	21,926
Other Interest Expense	5,357	4,476	4,902
Bad Debts	62,203	27,372	5,837
Total Other Expense	$709,067	$638,679	$623,371
Net Income	$(23,454)	$65,276	$314,352
Debt Service Coverage	1.42x	1.17x	1.37x

Source: City of Charles Town, West Virginia audit reports

SUMMARY OF PROJECTED REVENUES AND EXPENSES

The following table presents the projected debt service coverage ratio for the City's existing debt for the fiscal year ended June 30, 2002 (un-audited) and the existing and new debt projections for fiscal years ending June 30, 2003 and 2004 (the projections do not assume contributions from future Huntfield customers) (Source: accountant for the City of Charles Town, WV).

CITY OF CHARLES TOWN, WV Summary Statement of Income and Expenses – Combined Water and Sewer Funds Fiscal Years Ended June 30 Projected Results of Operations ($)	2002	2003	2004
Operating Revenues:			
Sales and Service to customers	$2,530,006	$3,091,371	$3,184,112
Total Operating Revenues	$2,530,006	$3,091,371	$3,184,112
Operating Expenses:			
Personnel services	649,806	699,806	734,796
Contractual services	69,300	74,300	78,015
Materials and supplies	123,196	143,196	150,356
Utilities	149,050	174,050	182,753
Depreciation	431,922	654,922	687,668
Maintenance	197,432	212,432	223,054
General and Administrative	172,986	192,986	202,635
Total Operating Expenses	$1,793,692	$2,151,692	$2,259,277
Operating Income	736,314	939,679	924,836
Other Income			
Interest Income	53,685	53,685	53,685
Other Income	57,107	73,107	73,107
Total Other Income	$110,792	$126,792	$126,792
Other Expense:			
Bond Interest	$620,544	$880,630	$880,630
Bond Discounts and Issuance Costs Amortized	22,278	22,278	22,278
Other Interest Expense	3,815	3,815	3,815
Bad Debts	23,983	23,983	23,893
Total Other Expense	$670,620	$930,706	$930,706
Net Income	$176,486	$135,765	$120,922
Debt Service Coverage:			
Operating Income	$736,314	$939,679	$924,836
Depreciation	431,922	654,922	687,668
Amortization	22,278	22,278	22,278
Other Income	110,792	126,792	126,792
Total available for debt service	$1,301,306	$1,743,671	$1,761,574
Bond Interest	620,544	880,630	880,630
Bond Principal	384,556	594,886	594,886
Total debt service payments	$1,005,100	$1,475,516	$1,475,516
Debt Service Coverage Ratio	1.29x	1.18x	1.19x

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which the Series 2002 Bonds and the Series 2003 Bonds will be outstanding the amounts payable from Gross Revenues as principal of and interest on other outstanding debt.

DEBT SERVICE REQUIREMENTS

Year Ended June 30	Existing Debt	2002 C Bonds	2003 A Bonds	Total
2003	$1,092,255	$256,792.50	$66,006.78	$1,415,054.28
2004	$1,192,190	$254,542.50	$69,818.76	$1,516,550.78
2005	$1,157,565	$257,292.50	$68,993.76	$1,483,850.78
2006	$1,158,535	$254,892.50	$68,168.76	$1,481,595.78
2007	$1,088,495	$257,492.50	$67,343.76	$1,413,330.78
2008	$1,085,775	$254,942.50	$71,518.76	$1,412,235.78
2009	$1,082,575	$257,392.50	$70,418.76	$1,410,385.78
2010	$1,093,895	$258,927.50	$69,318.76	$1,422,140.78
2011	$1,088,705	$255,270.00	$68,218.76	$1,412,193.28
2012	$1,092,705	$256,612.50	$67,118.76	$1,416,435.78
2013	$1,090,705	$257,762.50	$71,018.76	$1,419,485.78
2014	$1,097,945	$258,562.50	$69,643.76	$1,426,150.78
2015	$983,005	$259,052.50	$68,268.76	$1,310,325.78
2016	$983,042	$259,050.00	$71,893.76	$1,313,985.28
2017	$977,292	$258,830.00	$70,243.76	$1,306,365.28
2018	$981,017	$258,392.50	$68,593.76	$1,308,002.78
2019	$978,692	$257,412.50	$71,943.76	$1,308,047.78
2020	$960,628	$256,202.50	$70,018.76	$1,286,849.28
2021	$949,816	$254,762.50	$68,093.76	$1,272,671.78
2022	$757,546	$258,092.50	$71,168.76	$1,086,806.78
2023	$766,546	$255,962.50	$68,968.76	$1,091,476.78
2024	$758,971	$258,362.50	$66,718.76	$1,084,051.78
2025	$755,608	$255,287.50	$69,468.76	$1,080,364.28
2026	$756,196	$256,975.00	$66,937.50	$1,080,108.02
2027	$584,586	$258,187.50	$69,406.26	$912,179.28
2028	$585,948	$253,925.00	$71,593.76	$911,466.78
2029	$176,937	$254,425.00	$68,500.00	$499,861.52
2030	$166,353	$254,450.00	$70,406.26	$491,208.78
2031	$166,353	$259,000.00	$67,031.26	$492,383.78
2032	$166,353	$257,250.00	$68,656.26	$492,258.78
2033	$166,353	-	-	$166,353
2034	$166,353	-	-	$166,353
2035	$166,353	-	-	$166,353
2036	$166,353	-	-	$166,353
2037	$166,353	-	-	$166,353
2038	$166,353	-	-	$166,353
2039	$166,353	-	-	$166,353
2040	$93,507	-	-	$93,507
2041	$93,507	-	-	$93,507
2042	$46,752	-	-	$46,752
Totals	$27,174,454	$7,706,102.50	$2,075,500.80	$36,956,057.56

FUTURE PLANS

The City's future management plans include:

- Complete the wastewater system improvements and betterments by constructing approximately 14,500 feet of force main from the existing plant to a new outfall at the Shenandoah River to mitigate the current discharge impact on a secondary trout stream. The City anticipates a sewer rate increase in conjunction with this Project.

- Continue implementation of the recommendations contained in the Water Facilities Plan with construction of Phase I Water Improvements. Phase I of these improvements include replacement of four miles of water lines and additional storage of 370,000 gallons that will be completed in 2003.

- In conjunction with the Phase I Water Improvements project, complete the Downtown Improvement Project that includes relocation / undergrounding of all overhead utility lines in the 6 block downtown area, replacement of all curb, gutter and sidewalk, new street trees, street furniture and street lights.

- In conjunction with this borrowing, complete the purchase of the Tuscawilla Utility system, the Huntfield water line and storage tank. Begin the process of incorporating the customers into the City's Utility Billing System. Begin the implementation of a 100% meter replacement program for the existing 825 Tuscawilla Utilities customers and begin the engineering design work for the connector line from the City of Charles Town water system to Tuscawilla. This connector will replace the existing well system with the surface water system of the City.

- The City has agreed to provide water service to the following areas: Huntfield, a planned 3,000 home community with Neo-Traditional Zoning, Norborne Glebe Development, a planned Neighborhood Residential Community with approximately 1,000 homes, the Royal Crown Cola Bottling Company warehouse facility, a new hotel adjacent to Charles Town Races and Gaming and various smaller residential subdivisions in the water service area of the City of Charles Town.

Litigation

There is no litigation or other proceeding pending or, to the knowledge of the City, threatened to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting the validity or enforceability of the Bonds, the proceedings pursuant to which the Bonds are issued, or the collection, application or pledge of the Gross Revenues and other moneys purported to be pledged by the Ordinance.

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

The following is a summary of certain provisions of the Ordinance. The summary does not purport to be a comprehensive statement of the terms and provisions thereof, for which reference is made to the complete text of the Ordinance, copies of which may be obtained from the Issuer or, during the period of the offering of the Bonds, from the Underwriter.

Certain Definitions

All capitalized terms used in the Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2002 C Bonds and the Series 2003 A Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the

Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"Board" shall mean the City of Charles Town Utility Board, created by an ordinance of the Issuer, or any successor thereto.

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

"Bond Counsel" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2002 C Bonds and the Series 2003 A Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Series 2002 C Bonds and the Series 2003 A Bonds.

"Bond Year" means with respect to each series of Series 2002 C Bonds and the Series 2003 A Bonds, the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2002 C Bonds, the Series 2003 A Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained in the Ordinance.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2002 C Bonds and the Series 2003 A Bonds, in substantially the form set forth in EXHIBIT A – SERIES 2002 C BOND FORM and EXHIBIT B – SERIES 2003 A BOND FORM to the ordinance.

"City" or "Issuer" means the City of Charles Town, a municipal corporation of the State of West Virginia, in Jefferson County thereof, and, where appropriate, the Council, the Board and any successor thereto.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the dates upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Connection Fees" means the fees, if any, paid by customers of the System in order to connect thereto.

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, interest accruing or to accrue thereon, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2002 C Bonds and the Series 2003 A Bonds.

"Council" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2002 C Bonds and the Series 2003 A Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in Section 7.01.

"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.

"Government Obligations" shall have the meaning set forth in the Supplemental Resolution.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"Independent Accountant" means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy or policies, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2002 C Bonds and/or the Series 2003 A Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2002 C and the Series 2003 A Bonds, respectively, in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2002 C Bonds and the Series 2003 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2002 C Bonds Reserve Account or the Series 2003 A Bonds Reserve Account, as applicable. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 C Bonds or the Series 2003 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2002 C Bonds or the Series 2003 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2002 C Bonds or the Series 2003 A Bonds.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance 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 of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, 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.

"Ordinance" or "Bond Ordinance" regardless of whether preceded by the article "the" or "this," means the Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2002 C Bonds and the Series 2003 A Bonds directly from the Issuer, as determined by a resolution supplemental to the Ordinance.

"Outstanding," when used with reference to the Series 2002 C Bonds, the Series 2003 A Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01of the Ordinance; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission, and any other paying agent for the Series 2002 C Bonds and the Series 2003 A Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 of the Ordinance.

"Prior Bonds" means, collectively, the Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1988 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds, as more fully defined in Section 1.03B of the Ordinance.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted November 16, 1987, the ordinance of the Issuer enacted April 18, 1988, the ordinance of the Issuer enacted May 16, 1988, the ordinance of the Issuer enacted April 3, 1989, the ordinance of the Issuer enacted March 16, 1998, the ordinance of the Issuer enacted June 19, 2000 and the ordinance of the Issuer enacted August 19, 2002, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the acquisition of the waterworks and sewerage system of Tuscawilla Utilities, Inc. serving Tuscawilla Hills and Locust Hills and the acquisition of certain additions and improvements to the waterworks system located near Old U.S. Route 340 in the southern portion of the corporate limits of the Issuer, including approximately one mile of water main and a water storage tank, and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 2002 C Bonds and the Series 2003 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2002 C Bonds and the Series 2003 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2002 C Bonds and the Series 2003 A Bonds are privately placed, the price paid by the first buyer of the Series 2002 C Bonds and the Series 2003 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2002 C Bonds and the Series 2003 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2002 C Bonds and the Series 2003 A Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2002 C Bonds and the Series 2003 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recording Officer," "Recorder" or "Clerk" means the City Clerk of the Issuer.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2002 C Bonds and the Series 2003 A Bonds, and any successor thereto appointed in accordance with Section 8.08 of the Ordinance.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2002 C Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), of the Issuer, originally authorized to be issued pursuant to the Ordinance and the Supplemental Resolution.

"Series 2002 C Bonds Acquisition and Construction Fund" means the Series 2002 C Bonds Acquisition and Construction Fund created by Section 4.01 of the Ordinance.

"Series 2002 C Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 of the Ordinance.

"Series 2002 C Bonds Redemption Account" means the Redemption Account created in the Series 2002 C Bonds Sinking Fund by Section 4.02 of the Ordinance.

"Series 2002 C Bonds Reserve Account" means the Series 2002 C Bonds Reserve Account created in the Series 2002 C Bonds Sinking Fund by Section 4.02 of the Ordinance.

"Series 2002 C Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2002 C Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2002 C Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2002 C Bonds.

"Series 2002 C Bonds Sinking Fund" means the Series 2002 C Bonds Sinking Fund created by Section 4.02 of the Ordinance.

"Series 2003 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2003 A Bonds Acquisition and Construction Fund" means the Series 2003 A Bonds Acquisition and Construction Fund created by Section 4.01 of the Ordinance.

"Series 2003 A Bonds Costs of Issuance Fund" means the Series 2003 A Bonds Costs of Issuance Fund created by Section 4.01 of the Ordinance.

"Series 2003 A Bonds Redemption Account" means the Redemption Account created in the Series 2003 A Bonds Sinking Fund by Section 4.02 of the Ordinance.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account created in the Series 2003 A Bonds Sinking Fund by Section 4.02 of the Ordinance.

"Series 2003 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2003 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2003 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2003 A Bonds.

"Series 2003 A Bonds Sinking Fund" means the Series 2003 A Bonds Sinking Fund created by Section 4.02 of the Ordinance.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2002 C Bonds and the Series 2003 A Bonds and authorizing the sale of the Series 2002 C Bonds and the Series 2003 A Bonds to the

Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means the complete existing municipal waterworks and sewerage systems of the Issuer, consisting of a water filtration and treatment plant, reservoirs, water tanks, distribution lines and booster stations, sewage treatment and collection system of the Issuer, consisting of a sewage treatment plant, collection and transportation lines and lift stations now owned by the Issuer or any integral part thereof, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to the waterworks and sewage treatment and collection system, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks or sewage treatment and collection system from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 of the Ordinance.

Application of Bond Proceeds

A. Upon the issuance and delivery of the Series 2002 C Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2002 C Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2002 C Bonds Sinking Fund and applied to payment of interest on the Series 2002 C Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2002 C Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2002 C Bonds Reserve Account, provided that, to the extent the Series 2002 C Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2002 C Bonds shall be deposited in the Series 2002 C Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2002 C Bonds Reserve Requirement.

3. The amount of Series 2002 C Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2002 C Bonds shall be deposited with the Depository Bank in the Series 2002 C Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2002 C Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2002 C Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2002 C Bonds Sinking Fund established in Section 4.01 of the Ordinance and applied to the next ensuing payment of interest on the Series 2002 C Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2002 C Bonds from which such proceeds are derived.

4. The balance of Series 2002 C Bonds proceeds, if any, shall be deposited in the Series 2002 C Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.16(A) of the Ordinance.

B. Upon the issuance and delivery of the Series 2003 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2003 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2003 A Bonds Sinking Fund and applied to payment of interest on the Series 2003 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2003 A Bonds equal to the amount Series 2003 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2003 A Bonds Reserve Account, provided that, to the extent the Series 2003 A Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2003 A Bonds shall be deposited in the Series 2003 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2003 A Bonds Reserve Requirement.

3. The amount of Series 2003 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2003 A Bonds shall be deposited with the Depository Bank in the Series 2003 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2003 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2003 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2003 A Bonds Sinking Fund established in Section 4.01 of the Ordinance and applied to the next ensuing payment of interest on the Series 2003 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2003 A Bonds from which such proceeds are derived.

4. The balance of Series 2003 A Bonds proceeds, if any, shall be deposited in the Series 2003 A Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.16(A) of the Ordinance.

Investment of Funds

The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by the Ordinance in Qualified Investments to the fullest extent possible under applicable laws, the Ordinance, the need for such moneys for the purpose set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the trust department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2002 C Bonds Reserve Account and the Series 2003 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to semiannually transfer from the Series 2002 C Bonds Reserve Account and the Series 2003 A Bonds Reserve Account to the appropriate Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the Series 2002 C Bonds Reserve Account or the Series 2003 A Bonds Reserve Account Requirement, as appropriate; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the appropriate Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2002 C Bonds Reserve Account or the Series 2003 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2002 C Bonds Reserve Account or the Series 2003 A Bonds Reserve Account shall, at any time, be less

than the applicable Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Funds and otherwise in accordance with the Ordinance.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2002 C Bonds or the Series 2003 A Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Sinking Funds may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

General Covenants

Enforcement of Collections. The Issuer or the Board will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that become delinquent to the full extent permitted or authorized by State law, as more fully provided in the Ordinance. The Issuer will, to the full extent permitted by State law and the rules and regulations promulgated by the Public Service Commission of West Virginia, shut off and discontinue supplying water from the System to customers who fail to pay all rates or charges for said water service.

Rate Covenants. The Issuer has covenanted to fix, establish and collect rates and charges for the use of the services and facilities of the System that shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the Funds and Accounts created under the Ordinance. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer and the Board covenant and agree in the Ordinance that the schedule or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than the sum of 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year.

Operation and Maintenance. The Issuer or the Board, as applicable, will maintain the System in good condition and will operate the same as a revenue producing enterprise in an efficient and economical manner, making such expenditures for equipment. and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Gross Revenues of the System in the manner provided in the Ordinance.

Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of either as a whole, or substantially as a whole, if the net proceeds to be realized shall be sufficient to provide for payment of all Bonds then Outstanding, or in part, if the amount realized upon such disposition does not exceed $200,000 and the Board complies with certain conditions established by the Ordinance.

Issuance of Other Obligations Payable Out of Gross Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations payable from the Gross Revenues of the System that rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues, with the Bonds; provided that additional bonds on parity with the Bonds may be issued as described herein under the heading "SECURITY FOR THE BONDS -- Additional Revenue Bonds."

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to additional parity bonds, being on parity with the lien of the Bonds and the interest thereon, upon any of the Gross Revenues of the System pledged for payment of the Bonds and the interest thereon in the Ordinance, or upon the System or any part thereof.

Insurance. The Issuer will, so long as the Bonds remain Outstanding, carry, with a reputable insurance carrier or carriers, fire, lightning, vandalism, malicious mischief, extended coverage, public liability and

workers' compensation insurance, and require or maintain performance, completion and fidelity bonds, as provided in the Ordinance.

Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by the System. The rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any department, agency, instrumentality, officer or employee thereof using the facilities or services of the System. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Gross Revenues and shall be deposited and accounted for in the same manner as other Gross Revenues.

No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever, for the providing of any services that would compete with services provided by the System.

Books and Records. The Board will keep books and records of the System, separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any registered owner of the Bonds shall have the right at all reasonable times to inspect the System and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail in each year to any registered owner of the Bonds requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in the Ordinance and status of said funds.

The Issuer or the Board also shall cause the books, records and accounts of the System to be completely audited by Independent Accountants at least once a year, and shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any registered owner of the Bonds, and file said report with the Original Purchaser.

Restrictions as to Arbitrage Bonds. The Issuer covenants in the Ordinance that (i) it will restrict the use of the proceeds of the Bonds of each series in such manner and to such extent as may be necessary, so that such Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on such Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any action which would adversely affect such exclusion.

Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the Charter of the Issuer, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year. No increased expenditures in excess of ten percent of the amount of such budget shall be made except

upon certification by a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and resolutions to the Original Purchaser and to any registered owner of the Bonds or anyone acting for and on behalf of a registered owner who requests the same.

Amendment. Prior to issuance of the Series 2002 C Bonds or the Series 2003 A Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2002 C Bonds or the Series 2003 A Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to the Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2002 C Bonds and the Series 2003 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2002 C Bonds and the Series 2003 A Bonds required for consent to any such modification or amendment.

Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the registered owners of all Series 2002 C Bonds or Series 2003 A Bonds the principal of and premium and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, and all other monies due under the Ordinance have been paid, then the Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged under the Ordinance, and all covenants, agreements and other obligations of the Issuer on behalf of the registered owners of the Series 2002 C Bonds or Series 2003 A Bonds, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount that shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys that, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Series 2002 C Bonds and Series 2003 A Bonds shall, prior to the maturity thereof, be deemed to have been paid if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount that shall be sufficient, or securities the principal of and the interest on which when due, will provide moneys that, together with any moneys deposited with the Bond Commission or Escrow Trustee at the same or earlier time, shall be sufficient, to pay when due the principal of and interest due and to become due on said Bonds on and prior to the maturity dates thereof. Neither securities nor moneys so deposited with the Bond Commission or an Escrow Trustee nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, or interest payments on such securities, if not then needed for such purpose, to the extent practicable shall be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said Escrow Trustee, free and clear of any trust, lien or pledge.

Default and Remedies

Events of Default. Each of the following events shall constitute an Event of Default with respect to the Series 2002 C Bonds and the Series 2003 A Bonds:

A. If default occurs in the due and punctual payment of the principal of or interest on any Bond;

B. If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in the Ordinance or any Supplemental Resolution or in the Series 2002 C Bonds or the Series 2003 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; 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.

Enforcement. Upon the happening and continuance of any Event of Default, any Bond Holder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 Bondholders, including the right to require the Issuer to perform its duties under the Act and the Ordinance; (iii) bring suit upon the Series 2002 C Bonds or the Series 2003 A Bonds; (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 Bondholders; and (v) by action or bill in equity enjoin any acts in violation of the Ordinance or of the rights of the Bondholders.

Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceeding to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2002 C Bonds, the Series 2003 A Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of the Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Series 2002 C Bonds and the Series 2003 A Bonds issued pursuant to the Ordinance and interest thereon and under any covenants of the Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenue of the System shall have been paid and made good, and all defaults under the provisions of the Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, and Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2002 C Bonds and Series 2003 A Bonds issued pursuant to the Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole

purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of the Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of the Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

RATINGS

Moody's Investor Service, Inc. is expected to assign this issue the rating of "Aaa" on the understanding that the standard municipal bond insurance policy of MBIA Insurance Corporation guaranteeing the timely payment of principal of and interest on the Series 2002 C Bonds will be issued upon delivery of the Bonds. The Issuer has not applied for any other rating. (The Series 2003 A Bonds will not be rated.)

Such ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained from the respective rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by any of the issuing agencies if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

TAX EXEMPTION

Steptoe & Johnson PLLC, Bond Counsel, is of the opinion that under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2002 C Bonds and the Series 2003 A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, except, with respect to the Series 2003 A Bonds, for any period during which a Series 2003 A Bond is held by a person who, within the meaning of the Internal Revenue Code of 1986, as amended, is a "substantial user" of facilities financed with Series 2003 A Bonds proceeds or a "related person" thereto. Interest on the Series 2002 C Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest paid to corporate holders of the Series 2002 C Bonds may be indirectly subject to alternative minimum tax under certain circumstances. Interest on the Series 2003 A Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2002 C Bonds and the Series 2003 A Bonds, and the interest thereon, are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The initial public offering price of certain of the Bonds (the "Discount Bonds") is less than that amount payable on such Discount Bonds at maturity. The difference between the initial public offering price at which such Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity).

Bond Counsel is of the opinion that amounts received upon such disposition, which are attributable to accrued OID, will be treated as tax-exempt interest, rather than as taxable gain for Federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors with respect to the determination for Federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

The accrual or receipt of the interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences, and

investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2002 Bonds.

NO LITIGATION

There is no litigation or other proceeding pending or, to the knowledge of the Issuer, threatened to restrain or enjoin the issuance, sale, or delivery of the Bonds, or in any way contesting the validity or enforceability of the Bonds, the proceedings pursuant to which the Bonds are issued, or the collection, application or pledge of the Gross Revenues and other moneys purported to be pledged by the Ordinance.

UNDERWRITING

Crews & Associates, Inc. as Underwriters, have agreed, subject to certain conditions, to purchase the 2002 C Bonds at a price of $4,023,608.15 (par amount, less an Underwriter's discount of $41,350.00, less an original issue discount of $79,636.45), plus accrued interest. Crews & Associates, Inc. has also agreed, subject to certain conditions, to purchase the 2003 A Bonds at a price of $915,703.82 (par amount, less an Underwriter's discount of $25,000.00, less an original issue discount of $61,460.10), plus accrued interest. The Underwriters will be obligated to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriters.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Bond Counsel, whose opinion will be delivered concurrently with the delivery, upon original issuance, of the Bonds. Certain legal matters will be passed upon for the Issuer by Hoy G. Shingleton, Jr., City Attorney. John T. Poffenbarger will pass upon certain matters as counsel for the Underwriter.

CONTINUING DISCLOSURE

The City has agreed in the Ordinance to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2002 C and Series 2003 A Bonds to provide:

(a) within 270 days after the end of its 2002 fiscal year and each subsequent fiscal year, to each nationally recognized municipal securities information repository ("National Repository") and to any West Virginia State information depository ("State Depository"), core financial information and operating data for the prior fiscal year, including (i) the City's audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "The System"; and

(b) in a timely manner, to each National Repository or to the Municipal Securities Rulemaking Council ("MSRB"), and to the State Depository, if any, notice of any of the following events with respect to the Series 2002 C and 2003 A Bonds, if material:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions or events affecting the tax-exempt status of the security;

(7) modifications to rights if security holders;

(8) bond calls;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the securities;

(11) rating changes; and

(12) failure of the City to comply with clause (a) above.

With respect to Event (8), the City does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if the terms, dates and amounts of redemption are set forth in detail herein, the only open issue is which bonds will be redeemed in the case of a partial redemption, notice of redemption is given to the Bondholders as required under the terms of the Bonds and public notice of the redemption is given pursuant to 1934 Act Release No.23856 of the SEC, even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases.

Any of the foregoing information may be supplied by including by specific reference information previously supplied to each National Repository and the state Depository or the Securities and Exchange Commission ("SEC"). Information will not be included by reference from any final official statement unless such final official statement is available form the MSRB.

This continuing disclosure obligation is being undertaken by the City to assist the Underwriter in complying with rule 15c2-12 promulgated by the SEC. The City has agreed to give notice in a timely manner to each National Repository, or the MSRB, and to the State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2002 C and 2003 A Bonds. Registered Owners may contact the City Manager of the City at P.O. Box 14, 101 East Washington Street, Charles Town, West Virginia 25414, (304) 725-2311.

MISCELLANEOUS

The foregoing summaries of the Bonds and the Ordinance, and references to the Act, do not purport to be comprehensive and are qualified in their entirety by the exact provisions thereof. Copies of the Ordinance (including the form of the Bonds) and the Act may be obtained from the Issuer or, during the period of offering of the Bonds, from the Underwriter. All estimates and assumptions herein have been made upon the best information available and are believed to be reliable, but no representation whatsoever is made that such estimates or assumptions are correct or will be realized. Statements involving matters of opinion, whether or not so expressly stated, are set forth as opinions and are not presentations of fact.

This Official Statement has been duly approved and its distribution authorized by the Issuer and the Board.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: /s/ J. Randolph Hilton
Mayor

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APPENDIX A

Audited Financial Statements

of the

Municipality of Charles Town Water and Sewer Funds

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MUNICIPALITY OF CHARLES TOWN

FINANCIAL STATEMENTS

June 30, 2001 and 2000

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COX
NICHOLS
HOLLIDA

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS, LLP

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND ON SUPPLEMENTAL INFORMATION

The Honorable Mayor and Council
Municipality of Charles Town
Charles Town, West Virginia

We have audited the accompanying general purpose financial statements of the Municipality of Charles Town Water and Sewer Funds ("Municipality") as of and for the years ended June 30, 2001 and 2000. These general purpose financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Municipality of Charles Town Water and Sewer Funds as of June 30, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 16, 2001 on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws and regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects in relation to the general purpose financial statements take as a whole.

Cox Nichols Hollida, CPAs and Consultants, LLP

Martinsburg, West Virginia
November 16, 2001

Municipality of Charles Town

COMBINED BALANCE SHEETS - WATER AND SEWER FUNDS

June 30, 2001

ASSETS	Water Fund	Sewer Fund	Total Memorandum Only
CURRENT ASSETS			
Cash	$ 120,426	$ 85,372	$ 205,798
Customer receivables	52,834	21,534	74,368
Other receivables	1,648	-	1,648
Due from other utility	-	13,532	13,532
Inventory	17,949	956	18,905
Accrued utility revenue	123,702	11,581	135,283
Unearned utility revenue	18,629	-	18,629
Total current assets	335,188	132,975	468,163
RESTRICTED ASSETS			
Reserve for bond retirement	1,113,503	495,151	1,608,654
Reserve for renewal and replacement	115,882	25,506	141,388
Reserve for capacity improvements	349,430	-	349,430
Reserve for construction	-	9,120	9,120
Security deposits	51,690	7,769	59,459
Other receivable	-	282,838	282,838
Total restricted assets	1,630,505	820,384	2,450,889
UTILITY PLANT			
Utility plant in service	10,015,961	6,383,062	16,399,023
Construction in progress	29,376	2,881,367	2,910,743
Less: accumulated depreciation	(3,237,774)	(2,011,343)	(5,249,117)
Net utility plant	6,807,563	7,253,086	14,060,649
OTHER ASSETS			
Unamortized bond issue cost	439,532	126,780	566,312
Due from current assets to capacity improvements	50,043	-	50,043
Total other assets	489,575	126,780	616,355
Total assets	$ 9,262,831	$ 8,333,225	$ 17,596,056

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED BALANCE SHEETS - WATER AND SEWER FUNDS (Continued)

June 30, 2001

LIABILITIES

	Water Fund	Sewer Fund	Total Memorandum Only
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 17,919	$ 6,522	$ 24,441
Accrued expenses	29,033	15,679	44,712
Due to other utilities	49,385	-	49,385
Due to other funds	726	-	726
Capital lease payable	20,919	-	20,919
Notes payable (current portion)	2,477	6,567	9,044
Total current liabilities (payable from current assets)	120,459	28,768	149,227
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Construction accounts payable	-	282,838	282,838
Revenue bonds payable	283,355	150,744	434,099
Accrued revenue bond interest payable	98,549	23,116	121,665
Customer deposits payable	51,227	8,205	59,432
Accrued interest on customer deposits	2,997	377	3,374
Total current liabilities (payable from restricted assets)	436,128	465,280	901,408
LONG TERM LIABILITIES			
Revenue bonds payable (net of current portion)	8,328,423	5,017,044	13,345,467
Capital lease payable (net of current portion)	41,223	-	41,223
Notes payable (net of current portion)	144,194	207,571	351,765
Due to other funds	509,000	131,795	640,795
Due to capacity improvements	50,043	-	50,043
Deferred loss on bond refinancing	(1,416,343)	(400,065)	(1,816,408)
Total long term liabilities	7,656,540	4,956,345	12,612,885
Total liabilities	$ 8,213,127	$ 5,450,393	$ 13,663,520

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED BALANCE SHEETS - WATER AND SEWER FUNDS (CONTINUED)

June 30, 2001

FUND EQUITY

	Water Fund	Sewer Fund	Total Memorandum Only
CONTRIBUTED CAPITAL	$ 975,941	$ 3,782,524	$ 4,758,465
RESERVE FOR CONSTRUCTION	486,176	-	486,176
RETAINED EARNINGS (DEFICIT)			
Unreserved	(412,413)	(899,692)	(1,312,105)
Total fund equity	1,049,704	2,882,832	3,932,536
Total liabilities and fund equity	$ 9,262,831	$ 8,333,225	$ 17,596,056

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED BALANCE SHEETS - WATER AND SEWER FUNDS

June 30, 2000

ASSETS

	Water Fund	Sewer Fund	Total Memorandum Only
CURRENT ASSETS			
Cash	$ 51,064	$ 56,240	$ 107,304
Customer receivables, net of allowances	85,421	26,999	112,420
Other receivables	2,461	364	2,825
Due from other utility	43,331	-	43,331
Inventory	18,133	955	19,088
Accrued utility revenue	115,734	10,900	126,634
Unearned utility revenue	22,558	-	22,558
Total current assets	338,702	95,458	434,160
RESTRICTED CASH			
Reserve for bond retirement	1,056,260	476,632	1,532,892
Reserve for renewal and replacement	55,570	12,587	68,157
Reserve for capacity improvements	330,256	-	330,256
Security deposits	21,258	3,029	24,287
Total restricted cash	1,463,344	492,248	1,955,592
UTILITY PLANT			
Utility plant in service	9,672,398	6,147,147	15,819,545
Construction in progress	43,543	508,368	551,911
Utility plant acquisition	3,088	-	3,088
Less: accumulated depreciation	(2,973,317)	(1,883,198)	(4,856,515)
Net utility plant	6,745,712	4,772,317	11,518,029
OTHER ASSETS			
Unamortized bond issue cost	484,171	149,875	634,046
Due from current assets to capacity improvements	58,588	-	58,588
Total other assets	542,759	149,875	692,634
Total assets	$ 9,090,517	$ 5,509,898	$ 14,600,415

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED BALACE SHEETS - WATER AND SEWER FUNDS (Continued)

June 30, 2000

LIABILITIES

	Water Fund	Sewer Fund	Total Memorandum Only
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 18,469	$ 51,964	$ 70,433
Accrued expenses	21,995	14,263	36,258
Due to other utilites	22,503	-	22,503
Due to other funds	4,226	43,069	47,295
Capital lease payable (current portion)	18,316	-	18,316
Notes payable (current portion)	-	2,130	2,130
Total current liabilities (payable from current assets)	85,509	111,426	196,935
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	279,305	84,742	364,047
Accrued revenue bond interest payable	101,185	23,735	124,920
Customer deposits payable	63,095	10,561	73,656
Accrued interest on customer deposits	6,389	204	6,593
Total current liabilities (payable from restricted assets)	449,974	119,242	569,216
LONG TERM LIABILITIES			
Revenue bonds payable (net of current portion)	8,611,779	2,703,917	11,315,696
Capital lease payable (net of current portion)	50,146	-	50,146
Notes payable (net of current portion)	-	67,274	67,274
Due to other funds	534,000	156,795	690,795
Due to capacity improvements	58,588	-	58,588
Deferred loss on bond refinancing	(1,475,172)	(417,497)	(1,892,669)
Total long term liabilities	7,779,341	2,510,489	10,289,830
Total liabilities	$ 8,314,824	$ 2,741,157	$ 11,055,981

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED BALANCE SHEETS - WATER AND SEWER FUNDS (CONTINUED)

June 30, 2000

FUND EQUITY

	Water Fund	Sewer Fund	Total Memorandum Only
CONTRIBUTED CAPITAL	$ 975,941	$ 3,782,524	$ 4,758,465
RESERVE FOR CONSTRUCTION	486,176	-	486,176
RETAINED EARNINGS (DEFICIT)			
Unreserved	(686,424)	(1,013,783)	(1,700,207)
Total fund equity	775,693	2,768,741	3,544,434
Total liabilities and fund equity	$ 9,090,517	$ 5,509,898	$ 14,600,415

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - WATER AND SEWER FUNDS

For the fiscal year ended June 30, 2001

	Water Fund	Sewer Fund	Total Memorandum Only
OPERATING REVENUES			
Sales and service to customers	$ 1,472,734	$ 769,028	$ 2,241,762
OPERATING EXPENSES			
Personnel services	301,579	217,040	518,619
Contractual services	24,076	-	24,076
Materials and supplies	87,891	80,291	168,182
Utilities	50,424	52,611	103,035
Depreciation	263,851	128,146	391,997
Maintenance	132,627	18,789	151,416
General and administrative	40,525	56,969	97,494
Utility plant amortization	3,088	-	3,088
Total operating expenses	904,061	553,846	1,457,907
Operating income	568,673	215,182	783,855
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous revenues	45,434	2,878	48,312
Interest income	73,246	32,310	105,556
Interest expense and fiscal charges	(461,998)	(128,608)	(590,606)
Other interest expense	(3,984)	(918)	(4,902)
Bad debts	(4,681)	(1,156)	(5,837)
Amortization of bond issue cost	(16,329)	(5,597)	(21,926)
Total nonoperating revenues (expenses)	(368,312)	(101,091)	(469,403)
Income before capital contributions and capacity improvement contributions	200,361	114,091	314,452
CAPITAL CONTRIBUTIONS	2,400	-	2,400
CAPACITY IMPROVEMENT CONTRIBUTIONS	71,250	-	71,250
NET INCOME	$ 274,011	$ 114,091	$ 388,102

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - WATER AND SEWER FUNDS (Continued)

For the fiscal year ended June 30, 2001

	Water Fund	Sewer Fund	Total Memorandum Only
Retained earnings (deficit) at the beginning of year	$ (686,424)	$ (1,013,783)	$ (1,700,207)
Net income	274,011	114,091	388,102
Retained earnings (deficit) at end of year	$ (412,413)	$ (899,692)	$ (1,312,105)

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - WATER AND SEWER FUNDS

For the fiscal year ended June 30, 2000

	Water Fund	Sewer Fund	Total Memorandum Only
OPERATING REVENUES			
Sales and service to customers	$ 1,416,069	$ 652,114	$ 2,068,183
OPERATING EXPENSES			
Personnel services	303,494	216,203	519,697
Contractual services	32,142	-	32,142
Materials and supplies	82,822	82,794	165,616
Utilities	62,588	56,784	119,372
Depreciation	248,358	127,828	376,186
Maintenance	144,887	24,419	169,306
General and administrative	33,678	58,267	91,945
Utility plant amortization	4,117	-	4,117
Total operating expenses	912,086	566,295	1,478,381
Operating income	503,983	85,819	589,802
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous revenues	38,651	60	38,711
Interest income	61,877	13,565	75,442
Interest expense and fiscal charges	(465,864)	(120,086)	(585,950)
Other interest expense	(1,790)	(2,686)	(4,476)
Bad debts	(19,533)	(7,839)	(27,372)
Amortization of bond issue cost	(17,343)	(3,538)	(20,881)
Total nonoperating revenues (expenses)	(404,002)	(120,524)	(524,526)
NET INCOME (LOSS)	$ 99,981	$ (34,705)	$ 65,276

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - WATER AND SEWER FUNDS (Continued)

For the fiscal year ended June 30, 2000

	Water Fund	Sewer Fund	Total Memorandum Only
Retained earnings (deficit) at the beginning of year	$ (786,405)	$ (979,078)	$ (1,765,483)
Net income (loss)	99,981	(34,705)	65,276
Retained earnings (deficit) at end of year	$ (686,424)	$ (1,013,783)	$ (1,700,207)

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED STATEMENTS OF CASH FLOWS - WATER AND SEWER FUNDS

For the year ended June 30, 2001

	Water Fund	Sewer Fund	Total Memorandum Only
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ 568,673	$ 215,182	$ 783,855
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	266,939	128,146	395,085
(Increase) decrease in operating assets	68,801	(9,542)	59,259
Increase (decrease) in operating liabilities	14,610	(89,280)	(74,670)
Net cash provided by operating activities	919,023	244,506	1,163,529
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	73,246	32,310	105,556
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Expenditures for utility plant	(288,545)	(2,308,569)	(2,597,114)
(Increase) in restricted assets	(57,243)	(18,519)	(75,762)
Proceeds from bonds payable	-	2,181,033	2,181,033
Principal payments on bonds payable	(279,306)	(84,751)	(364,057)
Proceeds from notes payable	150,000	150,000	300,000
Principal payments on notes payable	(3,329)	(5,264)	(8,593)
Payments of capital lease	(18,861)	-	(18,861)
Payments to other funds	(25,000)	(25,000)	(50,000)
Miscellaneous revenue	45,434	2,878	48,312
Capacity improvement contributions	71,250	-	71,250
Capital contributions	2,400	-	2,400
Interest paid on bonds, notes and lease payable	(409,789)	(112,713)	(522,502)
Net cash used in capital and related financing activities	(812,989)	(220,905)	(1,033,894)
Net increase in cash	179,280	55,911	235,191
CASH AT BEGINNING OF YEAR	458,148	71,856	530,004
CASH AT END OF YEAR	$ 637,428	$ 127,767	$ 765,195

The accompanying notes are an integral part of this financial statement.

Municipality of Charles Town

COMBINED STATEMENTS OF CASH FLOWS - WATER AND SEWER FUNDS

For the year ended June 30, 2000

	Water Fund	Sewer Fund	Total Memorandum Only
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ 503,983	$ 85,819	$ 589,802
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	252,476	127,828	380,304
(Increase) in operating assets	(18,008)	(12,876)	(30,884)
Increase (decrease) in operating liabilities	(14,053)	57,805	43,752
Net cash provided by operating activities	724,398	258,576	982,974
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	61,877	13,565	75,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Expenditures for utility plant	(173,664)	(135,907)	(309,571)
(Increase) in restricted assets	(45,282)	(210,549)	(255,831)
Proceeds from bonds payable	-	246,376	246,376
Principal payments on bonds payable	(263,105)	(76,142)	(339,247)
Proceeds from note payable	-	71,000	71,000
Principal payments on notes payable	-	(1,596)	(1,596)
Payments of capital lease	(17,288)	-	(17,288)
Bond acquisition cost	-	(41,642)	(41,642)
Miscellaneous revenue	38,651	60	38,711
Capacity improvement contributions	67,300	-	67,300
Capital contributions	6,600	-	6,600
Interest paid on bonds, notes and lease payable	(411,115)	(105,877)	(516,992)
Net cash used in capital and related financing activities	(797,903)	(254,277)	(1,052,180)
Net (decrease) increase in cash	(11,628)	17,864	6,236
CASH AT BEGINNING OF YEAR	469,776	53,992	523,768
CASH AT END OF YEAR	$ 458,148	$ 71,856	$ 530,004

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2001 and 2000

GENERAL

The Water and Sewer Funds ("Funds") operate under the control of the Mayor and Council of the Municipality of Charles Town ("Municipality"). The Funds were created for the purpose of operating water and sewer utilities for the Municipality. In addition, the Funds perform utility billing and collection services for several other entities in the immediate surrounding area.

Fund Accounting

The accounts of the Water and Sewer Funds are organized on the basis of fund accounting as enterprise funds. An enterprise fund is a proprietary fund type that is used to account for all Water and Sewer Funds' operations because the Water and Sewer Funds' operations are similar to that of private business enterprises. The Municipality applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As required for periods beginning after June 15, 2000 by Statement 33 of the Government Accounting Standards Board, Accounting and Financial Reporting for Nonexchange Transactions, the Municipality has begun recognizing capital contributions as revenue in the current year, rather than as contributed capital. No adjustment to the balance of the contributed capital account is required.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

Definition of Cash Equivalents

For the purpose of the statement of cash flows, the Municipality considers all liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Utility Plant

Utility plant is stated at cost at the date of acquisition. Depreciation of all exhaustible fixed assets used by enterprise funds is charged as an expense against their operations. Accumulated depreciation is reported on enterprise fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	10 - 20 years
Utility Plant	10 - 20 years
Equipment	3 - 10 years

CASH AND TEMPORARY INVESTMENTS (Continued)

	Water Fund	
	2001	2000
Restricted accounts		
Renewal and replacement temporary investments	$ 115,882	$ 55,570
Capacity improvements	349,430	330,256
Security deposits	51,690	21,258
Total	517,002	407,084
All total	$ 637,428	$ 458,148

	Sewer Fund	
	2001	2000
Unrestricted accounts		
Operation and maintenance	$ 85,297	$ 56,165
Petty cash and change drawer	75	75
Total	85,372	56,240
Restricted Accounts		
Renewal and replacement temporary investments	25,506	12,587
Reserve for Construction	9,120	-
Security deposits	7,769	3,029
Total	42,395	15,616
All total	$ 127,767	$ 71,856

The renewal and replacement funds are under the control and custody of the trustee in accordance with provisions of the revenue bond indentures. The renewal and replacement fund represents funds on deposit for the purpose of making repairs and replacements. The capacity improvements fund represents amounts on deposit with a financial institution that are used to pay for the cost of increased capacity.

The security deposits funds are on deposit with a financial institution as required by the Public Service Commission of West Virginia. These funds are returned to customers upon twelve consecutive timely payments or upon termination of service.

The Reserve for construction fund is the residue of funds from the 2000A Bond Series of the Waste Water Treatment Upgrade Project. The Municipality has received permission from West Virginia Department of Environmental Protection to use these funds for a second story addition to the sewer plant.

CASH AND TEMPORARY INVESTMENTS (Continued)

Municipalities are authorized by statute to provide excess funds to the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

Investments of the Water and Sewer Funds at June 30, 2001 and 2000 are summarized as follows:

	June 30, 2001	June 30, 2000
Reserve for bond retirement	$ 1,608,654	$ 1,532,892

The market value of the above investments approximates cost at June 30, 2001 and 2000.

RESTRICTED ASSETS

The reserve for bond retirement represents funds on deposit with the West Virginia Municipal Bond Commission as trustee under the various revenue bond indentures. The Trust indentures require the trustee to establish various special purpose trust fund accounts, make periodic transfers to and between funds, maintain them at a specified level, and/or disburse funds from them in accordance with the specific terms of the indentures. See the cash and investments disclosure for information concerning the other restricted cash accounts. The other receivable represents construction bond proceeds receivable for funds requested to pay for construction expenditures that occurred prior to June 30, 2001.

COLLATERALIZATION OF DEPOSITS

The Municipality maintains its cash in bank deposit accounts at various financial institutions. Municipality deposits held by financial institutions are insured up to $100,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). The Municipality's Water and Sewer Funds' deposits held at one financial institution exceed the $100,000 FDIC limit. The Water and Sewer Funds' deposits are categorized to give an indication of the level of risk assumed by the Municipality at fiscal year end.

Category 1- Insured or collateralized with securities held by the Municipality or by its agent in the Municipality's name.

Category 2- Collateralized with securities held by the pledging financial institution or agent in the Municipality's name.

Category 3- Uncollateralized (which includes securities held by the pledging financial institution or agent not in the Municipality's name).

Deposits, not including funds held by the West Virginia Municipal Bond Commission, categorized by the level of risk are:

	Bank Balance	Category 1	Category 2	Category 3	Carrying Amount
Deposits	$ 1,130,008	$ 200,000	$ 930,008	$ -	$756,195

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash capital and related financing activities at June 30, 2001 and 2000.

	Water	
	2001	2000
Capital lease financing of equipment	$ 12,541	$ -

	Sewer	
	2001	2000
Construction payable and related financing receivable	$ 282,838	$ -

CONSTRUCTION WORK IN PROGRESS

The City of Charles Town is in the construction phase of improving its treatment plant (Waste Water Treatment Plant Upgrade) and in the design phase of improving its water system (Water Treatment and Distribution System Improvement).

The Waste Water Treatment Plant Upgrade will improve current waste water treatment processes to meet compliance with Federal and state requirements. The total project is estimated to cost $4,389,670. The Sewer Fund's obligation is estimated at $1,652,890 with contributions from City of Ranson and Jefferson County Public Service District estimated at $1,581,891 and $1,154,889, respectively. As of June 30, 2001, the City of Charles Town Sewer Fund has expended $2,881,367 for construction and financing costs for the project. City of Ranson's share of this amount is $1,440,684. The project was completed in July 2001.

The project is to be financed with a $3,163,781 loan from the West Virginia State Revolving Fund, $1,154,889 from the Jefferson County Public Service District and $71,000 with a bank loan for land.

The Water Treatment and Distribution System Improvement project will be implemented in two phases. The first phase concentrates on improving delivery from the tanks to increase fire flow delivery capabilities in the downtown portion of the City of Charles Town and the City of Ranson. The second phase will improve the fire flow capabilities in areas lying outside of the downtown areas and address localized flow and pressure deficiencies.

The Municipality has a binding offer of an infrastructure loan of $2,200,00 and a West Virginia Water Development Authority loan of $1,100,000 for the total estimated project cost for Phase I of $3,300,000. The Municipality does not plan to implement Phase II in the near future.

The water department's construction work in progress consists of professional fees for the above project and negotiations for the purchase of private utilities.

LONG TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2001:

Revenue Bonds Payable – Water Fund

Issue Date	Maturity Date	Interest Rates	Amount Issued	Amount Retired	Amount Outstanding
1987B	2026	- %	$ 413,629	$ 130,620	$ 283,009
1988B	2028	- %	558,000	157,388	400,612
1989B	2029	- %	117,480	30,123	87,357
1998	2028	Var.	8,387,550	546,750	7,840,800
Total revenue bonds payable at June 30, 2001					8,611,778
Less: Current portion due in upcoming year					(283,355)
Long-term revenue bonds payable at June 30, 2001 (net of current portion)					$ 8,328,423

Maturities of water revenue bonds payable for each of the four years succeeding June 30, 2002 are as follows:

2003	$ 275,255
2004	275,255
2005	291,455
2006	275,255
Thereafter	7,211,203
	$ 8,328,423

Revenue Bonds Payable – Sewer Fund

Issue Date	Maturity Date	Interest Rates	Amount Issued	Amount Retired	Amount Outstanding
1988B	2028	-%	$ 295,916	$ 83,468	$ 212,448
1998	2028	Var.	1,967,450	128,250	1,839,200
1998 Design	2019	2%	437,601	31,708	405,893
2000A	2021	2%	2,710,247	-	2,710,247
Total revenue bonds payable at June 30, 2001					5,167,788
Less: Current portion due in upcoming year					150,744
Long-term revenue bonds payable at June 30, 2001 (net of current portion)					$ 5,017,044

LONG TERM DEBT (Continued)

Maturities of sewer revenue bonds payable for each of the four years succeeding June 30, 2002 are as follows:

2003	$ 215,855
2004	218,882
2005	225,774
2006	225,125
Thereafter	4,131,408
	$ 5,017,044

The bond issues are secured by a first lien on the revenues derived from the system and statutory mortgage lien on the system.

On June 2, 1998 the Municipality issued bonds to advance refund its 1961, 1977, 1987A, 1988A, and 1989A bond issues. This refunding also refinanced a capital lease for meters. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the related bonds were redeemed. The advance refunding met the requirements of an in-substance debt defeasance and the escrowed amounts and bonds payable have been removed from the Municipality's balance sheet. The amount of unpaid deferred debt was $ 4,738,824 at June 30, 2001.

As a result of the advance refunding, the Municipality reduced its total debt service cash requirements by $ 457,446, which resulted in an economic gain (difference between the present value of the net interest cost savings for the service payments on the old and new debt) of $ 234,396.

The Series 1987 B, 1988 B, 1989 B, and 1998 bonds for the Water Fund and the Series 1988 B, 1998, 1998 Design, and 2000A bonds for the Sewer Fund are all on parity.

The covenants contained in the bond issues include a required debt service coverage ratio of 110% for the Series 1998 Design bond, 115% for the 1998 bonds, and 110% for 2000A bond. As of June 30, 2001, the Municipality's Water and Sewer Funds' debt service coverage ratio was 132%.

Each of the bond issues also requires monthly deposits to the renewal and replacement fund equal to 2½% of monthly gross revenues less reserve funding requirements. For the year ended June 30, 2001, the Municipality's Water and Sewer Funds' reserve funding was met.

Notes Payable Bank – Water Fund

	2001	2000
Loan from a bank in the original amount of $299,000; monthly installments of principal and interest of $3,056 including interest at 9% until December 2015; secured by deed of trust. This note was divided equally between Water and Sewer Funds	$ 146,671	$ -

LONG TERM DEBT (Continued)

Scheduled maturities of the note for each of the five years succeeding June 30, 2001 are as follows:

2002	$ 2,477
2003	5,318
2004	5,816
2005	6,362
2006	6,959
Thereafter	119,739
Total	$ 146,671

Notes Payable Bank – Sewer Fund

	2001	2000
Loan from a bank in the original amount of $71,000; monthly installments of principal and interest of $515 including interest at 6.15% until November 2019; secured by deed of trust.	$ 67,467	$ 69,404
Loan from a bank in the original amount of $299,000; monthly installments of principal and interest of $3,056 including interest at 9% until December 2015; secured by deed of trust. This note was divided equally between Water and Sewer Funds.	146,671	-
Total	$ 214,138	$ 69,404

Scheduled maturities of the notes for each of the five years succeeding June 30, 2001 are as follows:

2002	$ 6,567
2003	9,277
2004	9,635
2005	10,032
2006	10,470
Thereafter	168,157
Total	$ 214,138

CAPITAL LEASE

The Municipality is the lessee of various equipment under capital leases expiring at various times and accounted for in the Municipality's Water Fund. The assets and liabilities under the capital leases are recorded at the present value of the minimum lease payments.

The lease obligations are secured by the leased equipment. Depreciation of assets under capital lease is included in depreciation expense for the year ended June 30, 2001.

CAPITAL LEASE (Continued)

Leased Equipment	Expiring Date	Original Leased Amount	Remaining Minimum Lease Payments
Backhoe	2005	$ 42,900	$ 23,492
Trucks	2003	36,750	15,972
Office Furniture	2003	12,100	5,259
Compressor	2008	12,541	12,541
Shop Improvements	2003	7,700	3,346
Truck utility bed	2003	3,525	1,532
Total capital leases payable at June 30, 2001			62,142
Less: Current portion due in upcoming year			20,919
Long-term capital leases payable at June 30, 2001 (net of current portion)			$ 41,223

Minimum future lease payments under the capital leases after June 30, 2002 are:

	Amount
2003	$ 22,168
2004	9,272
2005	3,749
2006	1,870
2007	4,144
Thereafter	$ 41,223

EMPLOYEES RETIREMENT SYSTEM

All full-time employees of the Municipality are covered by the West Virginia Public Employees Retirement System which is a cost-sharing multi-employer PERS.

All full-time employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more year of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their final, three-year average salary times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include deferred allowances whereby an employee may terminate his or her employment with the Municipality after accumulating 5 or more years of credited service in force, but before reaching the age of 60. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to certain pension benefits in accordance with the West Virginia Public Employees Retirement Act.

Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The Water and Sewer Funds' covered payrolls amounted to $410,013 and $387,579 for the years ended June 30, 2001 and 2000 respectively.

The Municipality makes annual contributions to the plan equal to 9.5% of its covered payroll. Total contributions made during the fiscal years ended June 30, 2001 and 2000, amounted to $ 38,484 and $36,501 respectively.

Information regarding the plan is available from the state of West Virginia.

SEWER SERVICE AGREEMENT

The Municipality of Charles Town has entered into an agreement with Jefferson County Public Service District and the Municipality of Ranson for treatment and discharge of waste water. The agreement sets forth certain terms and conditions and stipulates a specific formula for payment for sewer services. During the years ended June 30, 2001 and 2000 treatment revenue totaled $364,416 and $317,146, respectively.

COMMITMENT

An interim agreement has been approved by the Public Service Commission of West Virginia (PSC) for the Jefferson County Public Service District (District) to purchase a former private sewer system from the City. The City will decommission the sewer treatment plant and design and construct a sewer main to connect the collection system to an existing sewer main owned by the District. In the future, the City and District will submit to the PSC for review and approval, a purchase agreement for the City to sell this system to the District. The City will be reimbursed by the District for the cost of decommissioning along with the purchase price which is estimated to be $255,000.

SUBSEQUENT EVENT

The Municipality has an agreement to purchase Tuscawilla Utilities, Inc.'s water and sewer systems for $2.3 million. This agreement is contingent on approval of Tuscawilla Hills home owners and the Public Service Commission.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2000 financial statements presentation to correspond to the current year's format. Total retained earnings (deficit) and net income (loss) are unchanged by these reclassifications.

COX NICHOLS HOLLIDA

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS, LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Council of the Municipality of Charles Town

We have audited the general purpose financial statements of the Municipality of Charles Town Water and Sewer Funds as of and for the years ended June 30, 2001 and 2000 and have issued our report thereon dated November 16, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to the financial audits contained in Government Accounting Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Municipality's Water and Sewer Funds' general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material affect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Accounting Standards and is described in the accompanying Schedule of Findings as Item 2001-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality's Water and Sewer Funds' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Municipality's Water and Sewer Funds' ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Reportable conditions are described in the accompanying schedule of findings as items 2001-2 and 2001-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing these assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose

all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Municipality and its various regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Cox Nichols Holida, CPAs
and Consultants, LLP
Martinsburg, West Virginia
November 16, 2001

Municipality of Charles Town

SCHEDULE OF FINDINGS

For the year ended June 30, 2001

Bond Compliance

During the testing of compliance with laws, regulations and agreements, we noted the following:

2001-1 The Municipality's water and sewer funds did not fund the renewal and replacement accounts as required by its bond ordinances. Renewal and replacement accounts are required to be funded on a monthly basis, and the required amount must be at least 2 ½ percent of gross revenues. It is recommended that the Municipality fund its renewal and replacements as required by the bond ordinances.

Internal Controls

The Municipality lacks internal controls over accounts payable and capital leases as follows:

2001-2 The Municipality does not maintain an accounts payable ledger that agrees to the general ledger. An accounts payable ledger would assist management and the utility board in managing cash requirements of the Water and Sewer Funds. It is recommended that an accounts payable ledger be kept and reconciled to the general ledger on monthly basis.

2001-3 Certain capital leases were not recorded or amortized according to generally accepted accounting principals. One capital lease was not recorded and several others were not amortized properly when lease payments were paid. It is recommended that new capital leases be recorded according to generally accepted accounting principals.

SUPPLEMENTAL INFORMATION

COX NICHOLS HOLLIDA

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS, LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO A MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Council of the Municipality of Charles Town

Compliance

We have audited the compliance of the Municipality of Charles Town Sewer Fund with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2001. The Municipality's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Municipality's management. Our responsibility is to express an opinion on the Municipality's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Municipality's compliance with those requirements.

In our opinion, the Municipality's Sewer Fund complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2001-4.

Municipality of Charles Town

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2001

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency:			
Capitalization Grants for State Revolving Funds	66.458	C-544135	$ 1,816,800 *
Total Expenditure of Federal Awards			$ 1,816,800

*-Denotes major program

NOTE A – BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal award activity of the Municipality of Charles Town and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Municipality of Charles Town

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2001

SECTION I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes _X_ no
Reportable condition(s) identified that are not considered to be material weakness(es)?	_X_ yes ___ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes _X_ no
Reportable condition(s) identified that are not considered to be material weakness(es)?	___ yes _X_ none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133	_X_ yes ___ no

Identification of major programs:

CFDA NUMBER	Name of Federal Program
66.458	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between type A and Type B programs:	$ 300,000
Auditee qualified as low risk auditee?	___ yes _X_ no

SECTION II - Financial Statement Findings

See Schedule of Findings

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the year ended June 30, 2001

SECTION III- Federal Award Findings and Questioned Costs

ENVIROMENTAL PROTECTION AGENCY

2001-4. Capitalization Grants for State Revolving Funds - CFDA No. 66.458; Grant No. C-544135; Grant Period-Year Ended June 30, 2001; Reporting compliance and controls over compliance:

Statement of Condition:

It was noted that the Certification Regarding Debarment, Suspension/Proposed Debarment and other responsibility matters was not obtained before the bid was awarded.

Criteria:

Per the A-133 Compliance Supplement for Environment Protection Agency Capitalization Grants for State Revolving Funds, states, and governmental sub recipients of states, shall use the same state policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

Effect of Condition:

The Municipality selected vendors without knowledge of being eligible to receive State Revolving Funds.

Population	4
Sample	4
Not in Compliance	4
Questioned Cost	0

Cause of Condition:

The Municipality did not maintain adequate internal control to ensure that the vendor was compliant with Procurement and Suspended and Debarment guidelines mentioned in the above criteria.

Recommendation:

It is recommended that the Municipality either receive Certifications from its contractors or research these contractors from the List of Parties Excluded from Federal Procurement or Nonprocurement Program

Audited Agency's Response:

The Municipality concurs with the recommendation. The Municipality has received a Certification Regarding Debarment, Suspension, Proposed Debarment and Other Responsibility Matter from its general contractor and is researching other vendors and contractors.

City of Charles Town
Cash Flow Sewer Fund
June 30, 2001

	6/30/01	6/30/00			Operating	Investing	Financing	Non-cash	
Cash	93,141	59,269	33,872	(33,872)					-
Customer receivables, net of allowances	21,534	26,999	(5,465)		5,465				-
Other receivables	282,838	364	282,474		364				-
Due from other utility	13,532	-	13,532		(13,532)			(282,838)	-
Inventory	956	955	1		(1)				-
Prepaid expenses	-	-	-						-
Accrued utility revenue	11,581	10,900	681		(681)				-
Unearned utility revenue	-	-	-						-
Reserve for bond retirement	495,151	476,632	18,519				(18,519)		-
Reserve for repair and equipment	25,506	12,587	12,919	(12,919)					-
Reserve for capacity improvements	-	-	-						-
Reserve for construction	9,120	-	9,120	(9,120)					-
Utility plant in service	6,383,062	6,147,147	235,915			(235,915)			-
Construction in progress	2,881,367	508,368	2,372,999			(2,072,654)		(282,838)	-
Utility plant acquisition	-	-	-					(17,507)	
Less: accumulated depreciation	(2,011,343)	(1,883,198)	(128,145)		128,145				-
Unamortized bond issue cost	126,780	149,875	(23,095)				5,597	17,498	-
to capacity improvements	-	-	-						-
	8,333,225	5,509,898	2,823,327						-
Accounts payable	(6,522)	(51,964)	45,442		(45,442)				-
Accrued expenses	(15,679)	(14,263)	(1,416)		1,416				-
Customer deposits payable	(8,205)	(10,561)	2,356		(2,356)				-
Accrued interest on customer deposits	(375)	(204)	(171)		171				-
Due to other utilities	-	(43,069)	43,069		(43,069)				-
Due to other funds	-	-	-						-
Capital lease payable	-	-	-						-
Notes payable (current portion)	(6,570)	(2,130)	(4,440)					4,440	-
Construction accts payable	(282,838)	-	(282,838)					282,838	-
Revenue bonds payable	(150,744)	(84,742)	(66,002)					66,002	-
Accrued revenue bond interest payable	(23,116)	(23,735)	619				(619)		-
Meter software installation	-	-	-						-
Revenue bonds payable (net of current por	(5,017,044)	(2,703,917)	(2,313,127)				(84,751)	(66,002)	-
							2,181,033	9	
Capital lease payable (net of current portio	-	-	-					282,838	
Due to other funds	(131,795)	(156,795)	25,000				(25,000)		-
Deferred loss on bond refinancing	400,065	417,497	(17,432)				17,432		-
Notes payable net of current portion	(207,570)	(67,274)	(140,296)				150,000	(4,440)	-
							(5,264)		
Contributed capital	(3,782,524)	(3,782,524)	-						-
Reserve for construction	-	-	-						-
Retained earnings	899,692	1,013,783	(114,091)	Net income	114,091				-
	(8,333,225)	(5,509,898)	(2,823,327)	(55,911)	144,571 -	(2,308,569) -	2,219,909	-	-

Located in the f/s excel file

12/28/01

City of Charles Town
Cash Flow - Water Fund
June 30, 2001

	6/30/01	6/30/00			Operating	Investing	Financing	Non-Cash	Totals
Cash	172,116	72,322	99,794	(99,794)					-
Customer receivables, net of a	52,834	85,421	(32,587)		32,587				-
Other receivables	1,648	2,461	(813)		813				-
Due from other utility	-	43,331	(43,331)		43,331				-
Inventory	17,949	18,133	(184)		184				-
Prepaid expenses	-	-	-						-
Accrued utility revenue	123,702	115,734	7,968		(7,968)				-
Unearned utility revenue	18,629	22,558	(3,929)		3,929				-
Reserve for bond retirement	1,113,503	1,056,260	57,243			(57,243)			-
Reserve for repair and equipm	115,882	55,570	60,312	(60,312)					-
Reserve for capacity improve	349,430	330,256	19,174	(19,174)					-
Reserve for meter software ins	-	-	-						-
Utility plant in service	10,015,961	9,672,398	343,563			(302,712)	Lease	(40,851)	-
Construction in progress	29,376	43,543	(14,167)			14,167			-
Utility plant acquisition	-	3,088	(3,088)		3,088				-
Less: accumulated depreciati	(3,237,774)	(2,973,317)	(264,457)	Depreciation	264,457				-
									-
Unamortized bond issue cost	439,532	484,171	(44,639)				Amortiz	16,329	28,310
to capacity improvements	50,043	58,588	(8,545)						8,545
	9,262,831	9,090,517	172,314						-
									-
Accounts payable	(17,919)	(18,469)	550		(550)				-
Accrued expenses	(29,033)	(21,995)	(7,038)		7,038				-
Customer deposits payable	(51,227)	(63,095)	11,868		(11,868)				-
Accrued interest on customer	(2,997)	(6,389)	3,392		(3,392)				-
Due to other utilities	(49,385)	(22,503)	(26,882)		26,882				-
Due to other funds	(726)	(4,226)	3,500		(3,500)				-
Capital lease payable	(20,919)	(18,316)	(2,603)				-	2,603	-
Notes payable (current portion	(2,477)	-	(2,477)					2,477	-
Revenue bonds payable	(283,355)	(279,305)	(4,050)				-	4,050	-
Accrued revenue bond interest	(98,549)	(101,185)	2,636				(2,636)	-	-
Meter software installation	-	-	-						-
Revenue bonds payable (net o	(8,328,423)	(8,611,779)	283,356				(279,306)	(4,050)	-
Capital lease payable (net of c	(41,223)	(50,146)	8,923				(18,861)	(2,603)	-
Due to other funds	(509,000)	(534,000)	25,000				Lease	12,541	
Deferred loss on bond refinano	1,416,343	1,475,172	(58,829)				(25,000)		-
Notes payable net of current	(144,194)	-	(144,194)				58,829	-	-
							(3,329)	(2,477)	-
Due to capacity improvements	(50,043)	(58,588)	8,545			SA Not	150,000		
Contributed capital	(975,941)	(975,941)	-					(8,545)	
Reserve for construction	(486,176)	(486,176)	-						-
									-
Retained earnings	412,413	686,424	(274,011)	Net Income	274,011		-		
									-
	(9,262,831)	(9,090,517)	(172,314)	(179,280)	629,042	(345,788)	(103,974)	-	-

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APPENDIX B

General Information Regarding the City and County*

The City of Charles Town, West Virginia, was founded in 1786 by an act of the Virginia Assembly on land provided by Charles Washington, youngest brother of the first President of the United States. Today it is the county seat of Jefferson County, one of the fastest growing counties in West Virginia. Located just 60 miles from the Washington, DC Beltway, Jefferson County is the Eastern Gateway to West Virginia. In addition, it is within 60 miles of Gettysburg, Pennsylvania, Hagerstown, Maryland and Winchester, Virginia.

Jefferson County has a total land area of 210 square miles and is bordered on the west by Berkeley County, West Virginia, on the north by the State of Maryland and on the east and south by the Commonwealth of Virginia. Because of its proximity to the Baltimore-Washington, DC area, the County has experienced the type of growth representative of those metropolitan areas. The most recent census for the County was 43,545 from the 2001 U.S. Census. Also, the 2000 Census for the City of Charles Town is 2,907.

Top Ten Employers (Chamber of Commerce)

1. Jefferson County Board of Education
2. PNGI Charles Town Gaming
3. Shepherd College
4. Royal Vendors, Inc.
5. AB&C Group, Inc.
6. Wal-Mart Stores, Inc.
7. Jefferson Memorial Hospital
8. National Park Service
9. Augmentation, Inc.
10. Norm Thompson Outfitters, Inc.

Population History

	Jefferson County	West Virginia
1970	21,280	1,744,237
1980	30,311	1,928,524
1990	35,936	1,193,477
1995	39,300	1,826,409
2001	43,545	1,806,928

Source: US Census Bureau

* Unless indicated otherwise, data source is the WV Department of Employment Security

Population Growth

	Jefferson County		West Virginia		United States	
Year	Population	Percent Change (1)	Population	Percent Change (1)	Population	Percent Change (1)
1960	18,665	--	1,860,421	-7.8%	179,323,000	+14.5%
1970	21,280	+12.0%	1,744,237	-6.7%	203,212,000	+13.3%
1980	30,311	+29.0%	1,949,644	+11.7%	226,545,805	+11.5%
1990	35,926	+15.0%	1,793,477	+8.0%	248,709,873	+9.8%
2000	42,190	+17.4%	1,800,344	+0.8%	281,421,906	+13.2%

(1) The percentage increase or decrease over the proceeding period.

Source: United States Department of Commerce, Bureau of the Census

Unemployment Rate

The following table presents statistics regarding the average annual labor force and historical employment levels in Jefferson County.

JEFFERSON COUNTY EMPLOYMENT RATES

Year	Labor Force	Number Employed	Number Unemployed	Unemployment Rate (%)
1990	18,770	17,720	1,050	5.6%
1991	19,500	17,580	1,920	9.8%
1992	19,270	17,400	1,870	9.7%
1993	19,200	18,010	1,190	6.2%
1994	19,390	18,440	940	4.9%
1995	19,720	18,860	860	4.3%
1996	20,090	19,270	820	4.1%
1997	20,440	19,720	730	3.5%
1998	21,040	20,380	660	3.1%
1999	21,770	21,150	630	2.9%
2000	22,460	21,920	540	2.4%
2001	23,110	22,520	590	2.5%

Source: "WV Labor Force Statistics by County," LMT LER 132, WV Department of Employment Security, Labor and Economic Research Unit, Labor Market Information Division and WV County Profiles, April 8, 2002.

Employment and Wages Covered by Unemployment Compensation Programs

Total Wages, Annual, 2000	$282,206,275
Annual Wage, Annual Average, 2000	$22,062
Weekly Wage, Annual Average, 2000	$424.29

Communications

Newspaper: Spirit of Jefferson/Farmer's Advocate & Shepherdstown Chronicle; published weekly. The Journal, Martinsburg, WV and The Morning Herald, Hagerstown, MD; published daily.

Radio Stations: WXVA, AM and FM

Cable Television: Aldephia offers more than 60 stations, including Washington, DC and Baltimore, MD. Local TV coverage by Hagerstown Channel 25. School news Channel 19.

Banks

Jefferson County has five (5) banks with full consumer, commercial and trusts services available:

Bank of Charles Town	BB&T
City National Bank	Jefferson Security Bank
United Bank	

Education

Public Schools

Elementary with Kindergarten	8
Elementary without Kindergarten	1
Junior High School	3
High School	1
Daycare Centers	10
Private Schools	1

Colleges

Shepherd College is a West Virginia state college with 4,391 students, offering numerous four-year degree programs. The West Virginia University Graduate Center is located in Shepherdstown and offers a variety of programs.

Vocational School

James Rumsey Center, Martinsburg, is a Regional Vocational Technical School with over 900 students. Offering 12 post-secondary programs and 40 post-secondary programs in adult and community education. Affiliated with Shepherd College's Community College.

Libraries

There are 4 libraries within the County with over 1.5 million volumes.

Transportation

The City is served by Routes 9, 51 and 340. Jefferson County is served by Interstate 81 and 70, U.S. Route 340 and State Routes 9, 51, 230 and 480. Interstate 81 is a major north-south highway through the County and Interstate 70 is a major east-west highway located 20 miles north of the County in Maryland and is linked by Interstate 81. Routes 51, 230 and 480 provide major access to all parts of the County.

Norfolk and Southern Railway and CSX Transportation provide commuter and commercial transportation through Jefferson County. Eastern Panhandle Regional Airport in Martinsburg supplies air transportation to and from the City. Dulles International Airport is less than one hour driving time. Other national airports within driving distance are Baltimore-Washington International Airport, Ronald Reagan National Airport, Hagerstown, Maryland and Winchester, VA Regional Airport.

A container cargo facility at Front Royal, Virginia and multiple motor freight carriers supply road transportation to and from Jefferson County.

Bus Service is provided by Eastern Panhandle Transit Authority (Pan Tran) at the Court House in the City. Located in Harpers Ferry, the MARC commuter train offers daily service to downtown Washington and Maryland.

Utilities and Services

Electrical service to the City is provided by Allegheny Energy Power Company. There is no natural gas service in the City. Local heating oil companies are Community Oil Company, Kable Oil Company and Smith Oil Company.

Telephone services are provided by Frontier Telecommunication - fiber optic service as well as long distance. Personal communication systems are available through Sprint Spectrum and US Cellular.

Water and sewer services are provided by the City.

Recreation

Federal Parks:
Harpers Ferry National Park
C&O Canal National Park

City Parks:
Jefferson County Memorial Park

County Parks:
Leetown Park
Summit Point Park
Sam Michaels Park

Golf Courses:
Cress Creek Golf & Country Club, Shepherdstown
Locust Hill Golf & Country Club, Charles Town
Sleepy Hollow Golf Course, Charles Town

Miscellaneous:
Appalachian Trail
Blue Ridge Mountains
Charles Town Race Track – Horse Track
Video Slot Machines
KOA Campgrounds, Bolivar
Morgan's Grove Park, Shepherdstown
Summit Point Raceway – Motor Sports
& Road Racing

The Arts:
The Old Opera House
Millbrook Orchestra
Mountain Heritage Arts & Crafts Festival
Contemporary American Theater Festival

Housing

A wide range of housing is available in Jefferson County. Generally, housing costs are at least 1/3 less than in the suburban metropolitan area.

Jefferson County offers a blend of rural lifestyles with a close proximity to the attractions of Washington, DC and Baltimore, Maryland.

Housing

Total Housing Units	17,623
Occupied Housing Units	16,165
Owner Occupied Units	12,253
Renter Occupied Units	3,912

Households

Total Households	16,165
Family Households	11,319
Non-Family Households	4,846
Persons 65 and Over, Living Alone	1,366
Average Household Size	2.54

Cost of Living

Jefferson/Berkeley County, WV	92.4
Source: ACCRA Cost of Living Index, Fourth Quarter 1999	
Washington, DC	114.7
Source: ACCRA Cost of Living Index, Third Quarter 2000	

Jefferson County Statistics:

Per capita income (August 2002)	$26,879
Source: WV BEP	
Median Household Income (1997)	$39,607
Source: U.S. Census Bureau	

Industrial Sites in Jefferson County

The Jefferson County Development Authority has completed the Burr Industrial Park, a 200-acre business complex near Charles Town. Located along Route 9, the park offers excellent industrial; commercial and office sites served by all utilities and paved roads. The park offers easy access to the Charles Town Bypass and the interstate highway system. Many fine privately owned sites offering major highway and/or rail access are also available.

Land Use Ordinance

Jefferson County Planning Commission administers a zoning ordinance, a subdivision ordinance, a building permit ordinance and flood plan and salvage yard ordinance.

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

COUNTERSIGNED:

MBIA Insurance Corporation

SPECIMEN

Resident Licensed Agent

SPECIMEN

President

City, State

Attest:

Assistant Secretary

STD-RCS-6
4/95

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APPENDIX D

FORM OF OPINIONS OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL
(SERIES 2002 C BONDS)

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]
(FORM OF OPINION OF BOND COUNSEL)

_____, 2002

$4,135,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)

City of Charles Town
Charles Town, West Virginia

MBIA Insurance Corporation
Armonk, New York

Crews & Associates, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the City of Charles Town (West Virginia)(the "Issuer") of its $4,135,000 aggregate principal amount Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on December 16, 2002 as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 16, 2002 (said Ordinance, as so supplemented, herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance.

The Bonds are issued in fully registered form, are dated December 20, 2002, upon original issuance, mature on December 1 in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2003, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Ordinance.

The Ordinance provides that the issue is for the purposes of providing funds to acquire, construct and equip certain waterworks and sewerage facilities, to partially fund a reserve account for the Bonds and to pay costs of issuance of the Bonds and other costs in connection with such issue.

The Bonds are issued on a parity with the following bonds of the Issuer:

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds"); and

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds are herein collectively called the "Outstanding Prior Bonds".

The Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 16, 2002, and accepted by the Issuer (the "Bond Purchase Agreement").

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

Based upon the foregoing, and assuming compliance with the covenants, representations and certifications of the Issuer and others, pertaining to tax matters set forth in the Ordinance and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable from the Gross Revenues and issued on a parity with respect to liens, pledge and sources of and security for payment with the Outstanding Prior Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6, below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2002.

Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance and the Bond Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. CR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

12/10/02
144220.00004

FORM OF OPINION OF BOND COUNSEL
(SERIES 2003 A BONDS)

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]
(FORM OF OPINION OF BOND COUNSEL)

_____, 2003

$1,000,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the City of Charles Town (West Virginia)(the "Issuer") of its $1,000,000 aggregate principal amount Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT) (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on December 16, 2002 as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 16, 2002 (said Ordinance, as so supplemented, herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance.

The Bonds are issued in fully registered form, are dated January 1, 2003, upon original issuance, mature on December 1 in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2003, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Ordinance.

The Ordinance provides that the issue is for the purposes of providing funds to acquire, construct and equip certain waterworks and sewerage facilities, to fund a reserve account for the Bonds and to pay costs of issuance of the Bonds and other costs in connection with such issue.

The Bonds are issued on a parity with the following bonds of the Issuer:

(1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Design Bonds");

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000 (the "Series 2002 A Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (the "Series 2002 B Bonds"); and

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds")

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds, the Series 1998 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds are herein collectively called the "Outstanding Prior Bonds".

The Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 16, 2002, and accepted by the Issuer (the "Bond Purchase Agreement").

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

Based upon the foregoing, and assuming compliance with the covenants, representations

and certifications of the Issuer and others, pertaining to tax matters set forth in the Ordinance and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable from the Gross Revenues and issued on a parity with respect to liens, pledge and sources of and security for payment with the Outstanding Prior Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes, except for any period during which a Bond is held by a person who, within the meaning of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") is a "substantial user" of facilities financed with Bond proceeds or a "related person" thereto. Interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

6. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it

is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance and the Bond Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. CR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

12/10/02
144220.00004

APPENDIX E

MAP OF THE WATER SERVICE AREA

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Plotted: May 10, 2001 8:55am Dwg: K:\5242-07\CADD\Figure1.dwg

FACILITY PLAN MARCH 2001	CHARLES TOWN WATER SERVICE AREA MAP	FIGURE 1 CHESTER ENGINEERS

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Moody's Investors Service

99 Church Street
New York, New York 10007

December 20, 2002

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (MBIA Insurance Corporation Insured - Policy No. **39942**) to the **$4,135,000.00 , City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds Series 2002 C (Insured)** , dated December 1, 2002 which sold through negotiation on December 16, 2002. The rating is based upon an insurance policy provided by MBIA Insurance Corporation.

Should you have any questions regarding the above, please do not hesitate to contact the assigned analyst, Margaret Kessler at (212) 553-7884.

Sincerely yours,

Margaret Kessler

Margaret L. Kessler
Vice President/Senior Analyst

MK:SY

$4,135,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2002 C

BOND PURCHASE AGREEMENT

December 16, 2002

City of Charles Town
101 East Washington Street
Charles Town, WV 25414

Ladies and Gentlemen:

1. Crews and Associates, Inc. (the "Underwriter") offers to enter into the following agreement with the City of Charles Town (the "Issuer" or the "City"), which, upon your acceptance of this offer, will become binding upon you and upon the Underwriter. This offer is made subject to your acceptance by due enactment of an Ordinance and execution of this Bond Purchase Agreement (this "Agreement") and its delivery to us on or before 8:00 P.M., prevailing time, today. Terms used and not defined in this Agreement have the meanings given to them in the Ordinance hereinafter referred to.

2. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from you for offering to the public, and you hereby agree to sell to the Underwriter for such purpose, all (but not less than all) of $4,135,000 aggregate principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C, of the Issuer, dated December 1, 2002, having the principal amounts and maturities and bearing interest at the rates set forth in Exhibit A hereto and as stated in the Official Statement hereinafter referred to, at the purchase price of $4,023,608.15. (This purchase price reflects a net original issue discount of $79,636.45, an underwriters' discount of $41,350.00 and accrued on the Bonds from December 1, 2002 to the date of the Closing, as hereinafter defined, in the amount of $9,594.60 (the "Bonds").

3. The Bonds shall be as described in, and shall be issued pursuant to, the Ordinance enacted by the City Council of the City on December 16, 2002, and a Supplemental Resolution enacted by the City Council of the City on December 16, 2002 (collectively, the "Ordinance"). Pursuant to the Ordinance, United Bank, Inc., Charleston, West Virginia, has been appointed Bond Registrar and Authenticating Agent, and the West Virginia Municipal Bond Commission, Charleston, West Virginia, has been appointed Paying Agent.

4. We agree to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices (which may be expressed in terms of yields), set forth on the cover page of the Official Statement (hereinafter defined), plus interest accrued thereon from the date thereof,

reserving, however, the right to change such yields or prices as the Underwriter shall deem necessary in connection with the offering of the Bonds.

5. (a) Prior to the date hereof, you have provided for our review a form of Official Statement that the Issuer deems final as of its date, except for certain omissions in connection with the pricing of the Bonds. At the time of or before your acceptance hereof, you shall deliver to us:

(i) two executed copies of the Official Statement of the Issuer dated today relating to the Bonds (the form of which, together with the cover page and all appendices or supplements thereto as are enacted by the Issuer in accordance herewith and other reports or statements attached thereto or included therein, is called the "Official Statement") executed on behalf of the Issuer by its Mayor and City Manager, containing as part of the Appendices thereto audited financial statements of the Issuer and a report thereon executed by Cox Nichols Hollida, Certified Public Accountants and Consultants, LLP, Martinsburg, West Virginia, independent certified public accountants; and

(ii) certified copies of the Ordinance of the Issuer, together with such reasonable number of certified copies of the foregoing as the undersigned shall request.

(b) You authorize any and all of this material, including specifically the Official Statement, the Ordinance and the information therein contained, to be used in connection with the public offering and sale of the Bonds. The Issuer hereby ratifies the use by the Underwriter prior to the date hereof of the Preliminary Official Statement of the Issuer, dated December 11, 2002, in connection with the public offering of the Bonds.

(c) You agree to deliver or cause to be delivered to the Underwriter, at such address as the Underwriter shall specify, as many additional copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 CFR §240.15c2-12) (the "Rule") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. You agree to deliver such additional copies of the Official Statement, complete as of its date of delivery and in form satisfactory to the Underwriter, upon acceptance hereof or as soon as practicable thereafter (but in any event within seven (7) business days after the date hereof and in sufficient time to accompany any confirmation that requests payment from any customer).

The Underwriter agrees to give notice to the Issuer on the date after which the Underwriter shall no longer be obligated to deliver Official Statements pursuant to paragraph (b)(4) of the Rule.

(d) From the date hereof, if, until the earlier of (i) 90 days from the end of the underwriting period or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository (but in no case less than twenty-five (25) days following the end of the underwriting period), any event occurs as a result of which, it may be necessary to amend or supplement the Official Statement in order to make the statements

therein, in light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter and, if in the opinion of the Issuer or the Underwriter, such event requires the preparation and publication of an amendment or supplement to the Official Statement, the Issuer, at its expense, promptly will prepare an appropriate amendment or supplement thereto (and file, or cause to be filed, the same with a nationally recognized municipal securities information repository) so that the statements in the Official Statement as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading.

6. The Issuer represents and warrants to the Underwriter that:

(a) The Issuer is a political subdivision of the State of West Virginia (the "State"), and a body corporate, established and existing under the laws of the State, and has, and at the date of the Closing will have, full legal right, power and authority (i) to enter into this Agreement, (ii) to enact the Ordinance, (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iv) to carry out and to consummate the transactions contemplated by this Agreement, the Ordinance and the Official Statement;

(b) The Issuer has complied, and will at the Closing be in compliance, in all respects with the Ordinance and with the Municipal Public Works; Revenue Bond Financing Act, being Chapter 8, Article 19 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act");

(c) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly enacted the Ordinance, has duly ratified the distribution of the Preliminary Official Statement and the execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Issuer of the obligations contained in, the Bonds and this Agreement and has duly authorized and approved the performance by the Issuer of its obligations contained in the Ordinance and the consummation by it of all other transactions contemplated by the Official Statement;

(d) The execution and delivery of this Agreement and the Bonds and the enactment of the Ordinance and compliance with the provisions of each will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of West Virginia or the United States or any applicable judgment or decree or any agreement or other instrument to which the Issuer is a party or is otherwise subject;

(e) The financial statements relating to the Issuer and the Board in the Official Statement fairly present the financial positions and results of operations of the Issuer and the Board as of the dates and for the periods therein set forth, and such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and since such date there has been no adverse change in the general affairs or financial position or net assets of the Issuer or the Board as shown in the Official Statement;

(f) At the time of the Issuer's acceptance hereof, the Preliminary Official Statement was and the Official Statement, as of the date hereof is, and as it may be amended or supplemented at the date of delivery to the Underwriter and at the Closing will be, true and correct in all material

respects and the Preliminary Official Statement did not, and the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and, in addition, any amendments or supplements to the Official Statement prepared and furnished by the Issuer pursuant hereto will not contain any untrue statement of a material fact or omit to state any material facts necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) Between the date of this Agreement and the Closing, the Issuer will not, without the prior written consent of the Underwriter, issue any bonds, notes or other obligations for borrowed money, and, except as described in or contemplated by the Official Statement, the Issuer will not incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer;

(h) No litigation is pending or, to the knowledge of the Issuer or the Board, threatened in any court in any way affecting the existence of the Issuer or the Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of receipts or assets of the Issuer or the Board pledged or to be pledged to pay the principal of and interest on the Bonds or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Agreement, or contesting the powers of the Issuer or the Board with respect to the Bonds, the Ordinance or this Agreement;

(i) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, as the Underwriter may request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such qualifications; and

(j) If between the date of this Agreement and the date of the Closing an event occurs affecting the Issuer which is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the Issuer shall notify the Underwriter and if in the opinion of the Underwriter and counsel to the Underwriter such event requires a supplement or amendment to the Official Statement, the Issuer will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and counsel to the Underwriter.

7. At 10:00 A.M., prevailing time, on December 20, 2002, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by you and us, you will deliver to us the Bonds in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned; and, subject to the terms and conditions hereof, the undersigned will accept such delivery and pay the purchase price of the Bonds as set forth in Paragraph 2 hereof, by delivering a check payable in federal funds or making a wire transfer in federal funds to the West Virginia Municipal Bond Commission (the "Bond Commission"), as Paying Agent. Upon payment as aforesaid to the West Virginia Municipal Bond Commission, Charleston, West Virginia, the Bonds will be delivered to The Depository Trust Company in New York, New York,

using the DTC FAST closing procedure. This payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds, one for each stated maturity of the Bonds in the aggregate principal amount of such maturity, bearing proper, duly assigned CUSIP numbers, and registered in the name of The Depository Trust Company's nominee, Cede & Co., and, if the Underwriter shall so request, will be made available to the Underwriter at least twenty-four (24) hours before the Closing for inspection and packaging.

8. The Underwriter has entered into this Agreement in reliance upon the representations and warranties of the Issuer contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, accept delivery of and to pay for the Bonds shall be subject to the accuracy in all material respects of the representations and warranties of the Issuer contained herein as of the date hereof and the date of Closing, to the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and to the following conditions:

(a) At the time of the Closing (i) the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented since the date hereof except as may have been agreed to in writing by us, and you shall have duly enacted and there shall be in full force and effect such additional ordinances, resolutions or agreements, as shall, in the opinion of Steptoe & Johnson PLLC, Bond Counsel to the Issuer, be necessary in connection with the transactions contemplated hereby; (ii) the Issuer shall perform or have performed all of its obligations required under or specified in this Agreement and the Ordinance to be performed at, simultaneously with or prior to the Closing; and (iii) the Bonds shall have been authorized, executed and authenticated in accordance with the Ordinance.

(b) The Underwriter may terminate this Agreement by notification to you if at any time subsequent to the date hereof and at or prior to the Closing, (i) legislation shall be enacted by the Congress or enacted by either House thereof or a decision by a Court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made, with respect to federal taxation upon revenues or other income of the general character expected to be derived by you and pledged under the Ordinance or upon interest received on bonds of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal income tax treatment of interest on bonds of the general character of the Bonds in the hands of the holders thereof, which in our opinion materially affects the market price of the Bonds; or (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds is in violation of any provisions of the Securities Act of 1933, as amended or of the Trust Indenture Act of 1939, as amended; or (iii) legislation shall be enacted by the Congress or enacted by either House, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of the Issuer or any similar public body are not exempt from the

registration, qualification or other requirements of the Securities Act of 1933, as amended or the Trust Indenture Act of 1939, as amended; (iv) other than conflicts underway involving the United States as of the date hereof, a war involving the United States which shall have been declared, or any conflict involving the armed forces of the United States which shall have escalated, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for the Bonds, or the sale, at the contemplated offering prices by the Underwriter; (v) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States or West Virginia State authorities, which in our opinion materially affects the market price of the Bonds; (vi) an event described in paragraph 7(j) hereof occurs which in our opinion requires a supplement or amendment to the Official Statement; or (vii) the market for the Bonds or the sale thereof by the Underwriter at the contemplated offering prices shall have been materially and adversely affected, in the opinion of the Underwriter, by reason of the fact that there has occurred a default with respect to the payment of principal of or interest on the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any state of the United States or public agency thereof or any city located in the United States with a population of more than 500,000;

(c) At or prior to the Closing, the Underwriter shall receive the following documents:

(1) The Official Statement of the Issuer, executed on behalf of the Issuer by its Mayor;

(2) The Ordinance, certified by the Mayor or City Manager and enacted by the Issuer and as being in effect, with such changes or amendments as may have been agreed to by the Underwriter;

(3) An opinion, dated the date of the Closing and addressed to the Issuer and the Bond Insurer, of Steptoe & Johnson PLLC, Bond Counsel for the Issuer, in substantially the form attached as Appendix D to the Official Statement;

(4) An opinion, dated the date of the Closing and addressed to the Underwriter and the Bond Insurer, of Steptoe & Johnson PLLC, Bond Counsel for the Issuer, to the effect that (i) this Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriter and that it is a binding agreement of the Underwriter in accordance with its terms) constitutes a binding agreement of the Issuer in accordance with its terms; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (iii) the statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption; and (iv) the statements contained in the Official Statement under the captions "Security for the Bonds," "The Bonds" and "Summary of Certain Provisions of the Ordinance," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are complete and accurate and present a fair summary of the matters referred to therein and of the Ordinance;

(5) An opinion, dated the date of Closing and addressed to the Underwriter, of John T. Poffenbarger, LLP, counsel for the Underwriter, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance are exempt for qualification pursuant to the Trust Indenture Act of 1939, as amended; and (ii) the statements contained in the Official Statement under the captions "Security for the Bonds," "The Bonds" and "Summary of Certain Provisions of the Ordinance," insofar as such statements contained under such captions purport to summarize certain provisions of the Ordinance, present a fair summary of such provisions; in addition, such counsel shall state in its letter containing the foregoing opinion, or in a separate letter dated the date of the Closing and addressed to the Underwriter, that, based upon its participation in the preparation of the Official Statement as counsel for the Underwriter and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that as of the date of the Closing the Official Statement, as of its date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the statements in the Official Statement with respect to The Depository Trust Company and Bonds being available in book-entry form only and except for the financial statements and other financial and statistical data included therein, as to which no view need be expressed) or that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(6) A certificate dated the date of the Closing and signed by the Mayor and City Manager of the Issuer stating that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (ii) (a) except as set forth in the Official Statement, no litigation is pending or, to their knowledge, threatened in any court to restrain or enjoin the issuance or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds, the Ordinance, or this Agreement, or contesting the powers of the Issuer or any authority for the issuance of the Bonds or the Ordinance, and (b) except as set forth in the Official Statement, there is no litigation pending, or, to the knowledge of said Mayor or City Manager, threatened against the Issuer in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Agreement, or contesting the powers of the Issuer with respect to the Bonds, the Ordinance or this Agreement or any transaction described in or contemplated by the Official Statement, which certificates shall be in form and substance acceptable to us (but in lieu of or in conjunction with such certificate, the Underwriter may, in its sole discretion, accept an opinion of Hoy G. Shingleton, Jr., Esquire, Counsel for the Issuer, that in his opinion the issues raised in any pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit with respect to the Bonds referred to in the Official Statement); and (iii) to the best of his knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which

it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect;

(7) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds, certified by the City Clerk of the Issuer;

(8) An opinion of counsel to the Issuer to the effect that no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Agreement, or contesting the powers of the Issuer with respect to the Bonds, the Ordinance or this Agreement or any transaction described in or contemplated by the Official Statement;

(9) A letter from the Issuer's independent auditors consenting to the use of their letter with respect to the Issuer's financial statements in the Official Statement;

(10) Evidence that MBIA has insured payment of the Bonds as described in the Official Statement;

(11) Evidence satisfactory to the Underwriter of the assignment of ratings on the Bonds by Moody's Investors Service or Standard & Poor's Corporation of "Aaa" and "AAA", respectively, and such ratings shall not have been modified or withdrawn;

(12) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or its counsel, John T. Poffenbarger, LLP, may deem necessary or advisable to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and to John T. Poffenbarger, LLP, counsel to the Underwriter.

If you shall be unable to satisfy the conditions of the Underwriter contained in this Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor you shall be under further obligation hereunder, except that the respective obligations of you and the Underwriter for the payment of expenses, as provided in Paragraph 10 hereof, shall continue in full force and effect.

9. (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay from Bond Proceeds or other funds, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the Underwriter's discount of $41,350.00, (ii) the fees and disbursements of Steptoe & Johnson PLLC and John T. Poffenbarger, LLP and any other experts or consultants retained by the Issuer; (iii) the fees of bond rating agencies in connection with the Bonds; (iv) the cost of the preparation and the printing of the Bonds; and (v) the insurance premium payable to MBIA.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) all other expenses incurred by us in connection with the public offering and distribution of the Bonds; and (iii) the cost of printing any Blue Sky and Legal Investment Surveys to be used by us. Any expenses with respect to the Official Statement which are incurred following the issuance of the Bonds and which relate to compliance with Rule 15c2-12 shall be the obligation of the Issuer, and the Issuer shall pay any expense related thereto.

10. Any notice or other communication to be given to you under this Agreement may be given by delivering the same in writing at your address set forth above, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to Crews and Associates, 124 West Capitol, Little Rock, Arkansas 72201.

11. This Agreement is made solely for the benefit of you and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All your representations, warranties and agreements in this Agreement shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of, and payment for, the Bonds hereunder, and (c) any termination of this Agreement.

12. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. This Agreement shall be construed and enforceable in accordance with the laws of the State of West Virginia.

Very truly yours,

CREWS AND ASSOCIATES INC.

By: _____
Vice President

Accepted by:

CITY OF CHARLES TOWN

By: J. Randolph Hill

Its: Mayor

Exhibit A

Maturity	Type	of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2008	Term	Coupon	3.000%	3.000%	480,000.00	100.000%	480,000.00
12/01/2012	Term	Coupon	3.850%	3.850%	380,000.00	100.000%	380,000.00
12/01/2013	Serial	Coupon	4.000%	4.000%	105,000.00	100.000%	105,000.00
12/01/2014	Serial	Coupon	4.100%	4.100%	110,000.00	100.000%	110,000.00
12/01/2017	Term	Coupon	4.350%	4.350%	360,000.00	100.000%	360,000.00
12/01/2019	Term	Coupon	4.600%	4.650%	265,000.00	99.415%	263,449.75
12/01/2022	Term	Coupon	4.600%	4.850%	440,000.00	96.824%	426,025.60
12/01/2030	Term	Coupon	4.750%	5.020%	1,515,000.00	95.964%	1,453,854.60
12/01/2032	Term	Coupon	5.000%	5.040%	480,000.00	99.382%	477,033.60
Total	-	-	-	-	4,135,000.00	-	4,055,363.55

$1,000,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2003 A

BOND PURCHASE AGREEMENT

December 16, 2002

City of Charles Town
101 East Washington Street
Charles Town, WV 25414

Ladies and Gentlemen:

1. Crews and Associates, Inc. (the "Underwriter") offers to enter into the following agreement with the City of Charles Town (the "Issuer" or the "City"), which, upon your acceptance of this offer, will become binding upon you and upon the Underwriter. This offer is made subject to your acceptance by due enactment of an Ordinance and execution of this Bond Purchase Agreement (this "Agreement") and its delivery to us on or before 8:00 P.M., prevailing time, today. Terms used and not defined in this Agreement have the meanings given to them in the Ordinance hereinafter referred to.

2. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from you for offering to the public, and you hereby agree to sell to the Underwriter for such purpose, all (but not less than all) of $1,000,000 aggregate principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A, of the Issuer, dated January 1, 2003, having the principal amounts and maturities and bearing interest at the rates set forth in Exhibit A hereto and as stated in the Official Statement hereinafter referred to, at the purchase price of $915,703.82. (This purchase price reflects a net original issue discount of $61,460.10, an underwriters' discount of $25,000.00 and accrued on the Bonds from January 1, 2003 to the date of the Closing, as hereinafter defined, in the amount of $2,163.92 (the "Bonds").

3. The Bonds shall be as described in, and shall be issued pursuant to, the Ordinance enacted by the City Council of the City on December 16, 2002, and a Supplemental Resolution enacted by the City Council of the City on December 16, 2002 (collectively, the "Ordinance"). Pursuant to the Ordinance, United Bank, Inc., Charleston, West Virginia, has been appointed Bond Registrar and Authenticating Agent, and the West Virginia Municipal Bond Commission, Charleston, West Virginia, has been appointed Paying Agent.

4. We agree to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices (which may be expressed in terms of yields), set forth on the cover page of the Official Statement (hereinafter defined), plus interest accrued thereon from the date thereof,

reserving, however, the right to change such yields or prices as the Underwriter shall deem necessary in connection with the offering of the Bonds.

5. (a) Prior to the date hereof, you have provided for our review a form of Official Statement that the Issuer deems final as of its date, except for certain omissions in connection with the pricing of the Bonds. At the time of or before your acceptance hereof, you shall deliver to us:

(i) two executed copies of the Official Statement of the Issuer dated today relating to the Bonds (the form of which, together with the cover page and all appendices or supplements thereto as are enacted by the Issuer in accordance herewith and other reports or statements attached thereto or included therein, is called the "Official Statement") executed on behalf of the Issuer by its Mayor and City Manager, containing as part of the Appendices thereto audited financial statements of the Issuer and a report thereon executed by Cox Nichols Hollida, Certified Public Accountants and Consultants, LLP, Martinsburg, West Virginia, independent certified public accountants; and

(ii) certified copies of the Ordinance of the Issuer, together with such reasonable number of certified copies of the foregoing as the undersigned shall request.

(b) You authorize any and all of this material, including specifically the Official Statement, the Ordinance and the information therein contained, to be used in connection with the public offering and sale of the Bonds. The Issuer hereby ratifies the use by the Underwriter prior to the date hereof of the Preliminary Official Statement of the Issuer, dated December 11, 2002, in connection with the public offering of the Bonds.

(c) You agree to deliver or cause to be delivered to the Underwriter, at such address as the Underwriter shall specify, as many additional copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 CFR §240.15c2-12) (the "Rule") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. You agree to deliver such additional copies of the Official Statement, complete as of its date of delivery and in form satisfactory to the Underwriter, upon acceptance hereof or as soon as practicable thereafter (but in any event within seven (7) business days after the date hereof and in sufficient time to accompany any confirmation that requests payment from any customer).

The Underwriter agrees to give notice to the Issuer on the date after which the Underwriter shall no longer be obligated to deliver Official Statements pursuant to paragraph (b)(4) of the Rule.

(d) From the date hereof, if, until the earlier of (i) 90 days from the end of the underwriting period or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository (but in no case less than twenty-five (25) days following the end of the underwriting period), any event occurs as a result of which, it may be necessary to amend or supplement the Official Statement in order to make the statements

therein, in light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter and, if in the opinion of the Issuer or the Underwriter, such event requires the preparation and publication of an amendment or supplement to the Official Statement, the Issuer, at its expense, promptly will prepare an appropriate amendment or supplement thereto (and file, or cause to be filed, the same with a nationally recognized municipal securities information repository) so that the statements in the Official Statement as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading.

6. The Issuer represents and warrants to the Underwriter that:

(a) The Issuer is a political subdivision of the State of West Virginia (the "State"), and a body corporate, established and existing under the laws of the State, and has, and at the date of the Closing will have, full legal right, power and authority (i) to enter into this Agreement, (ii) to enact the Ordinance, (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iv) to carry out and to consummate the transactions contemplated by this Agreement, the Ordinance and the Official Statement;

(b) The Issuer has complied, and will at the Closing be in compliance, in all respects with the Ordinance and with the Municipal Public Works; Revenue Bond Financing Act, being Chapter 8, Article 19 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act");

(c) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly enacted the Ordinance, has duly ratified the distribution of the Preliminary Official Statement and the execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Issuer of the obligations contained in, the Bonds and this Agreement and has duly authorized and approved the performance by the Issuer of its obligations contained in the Ordinance and the consummation by it of all other transactions contemplated by the Official Statement;

(d) The execution and delivery of this Agreement and the Bonds and the enactment of the Ordinance and compliance with the provisions of each will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of West Virginia or the United States or any applicable judgment or decree or any agreement or other instrument to which the Issuer is a party or is otherwise subject;

(e) The financial statements relating to the Issuer and the Board in the Official Statement fairly present the financial positions and results of operations of the Issuer and the Board as of the dates and for the periods therein set forth, and such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and since such date there has been no adverse change in the general affairs or financial position or net assets of the Issuer or the Board as shown in the Official Statement;

(f) At the time of the Issuer's acceptance hereof, the Preliminary Official Statement was and the Official Statement, as of the date hereof is, and as it may be amended or supplemented at the date of delivery to the Underwriter and at the Closing will be, true and correct in all material

respects and the Preliminary Official Statement did not, and the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and, in addition, any amendments or supplements to the Official Statement prepared and furnished by the Issuer pursuant hereto will not contain any untrue statement of a material fact or omit to state any material facts necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) Between the date of this Agreement and the Closing, the Issuer will not, without the prior written consent of the Underwriter, issue any bonds, notes or other obligations for borrowed money, and, except as described in or contemplated by the Official Statement, the Issuer will not incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer;

(h) No litigation is pending or, to the knowledge of the Issuer or the Board, threatened in any court in any way affecting the existence of the Issuer or the Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of receipts or assets of the Issuer or the Board pledged or to be pledged to pay the principal of and interest on the Bonds or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Agreement, or contesting the powers of the Issuer or the Board with respect to the Bonds, the Ordinance or this Agreement;

(i) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, as the Underwriter may request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such qualifications; and

(j) If between the date of this Agreement and the date of the Closing an event occurs affecting the Issuer which is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the Issuer shall notify the Underwriter and if in the opinion of the Underwriter and counsel to the Underwriter such event requires a supplement or amendment to the Official Statement, the Issuer will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and counsel to the Underwriter.

7. At 10:00 A.M., prevailing time, on January 15, 2003, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by you and us, you will deliver to us the Bonds in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned; and, subject to the terms and conditions hereof, the undersigned will accept such delivery and pay the purchase price of the Bonds as set forth in Paragraph 2 hereof, by delivering a check payable in federal funds or making a wire transfer in federal funds to the West Virginia Municipal Bond Commission (the "Bond Commission"), as Paying Agent. Upon payment as aforesaid to the West Virginia Municipal Bond Commission, Charleston, West Virginia, the Bonds will be delivered to The Depository Trust Company in New York, New York,

using the DTC FAST closing procedure. This payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds, one for each stated maturity of the Bonds in the aggregate principal amount of such maturity, bearing proper, duly assigned CUSIP numbers, and registered in the name of The Depository Trust Company's nominee, Cede & Co., and, if the Underwriter shall so request, will be made available to the Underwriter at least twenty-four (24) hours before the Closing for inspection and packaging.

8. The Underwriter has entered into this Agreement in reliance upon the representations and warranties of the Issuer contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, accept delivery of and to pay for the Bonds shall be subject to the accuracy in all material respects of the representations and warranties of the Issuer contained herein as of the date hereof and the date of Closing, to the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and to the following conditions:

(a) At the time of the Closing (i) the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented since the date hereof except as may have been agreed to in writing by us, and you shall have duly enacted and there shall be in full force and effect such additional ordinances, resolutions or agreements, as shall, in the opinion of Steptoe & Johnson PLLC, Bond Counsel to the Issuer, be necessary in connection with the transactions contemplated hereby; (ii) the Issuer shall perform or have performed all of its obligations required under or specified in this Agreement and the Ordinance to be performed at, simultaneously with or prior to the Closing; and (iii) the Bonds shall have been authorized, executed and authenticated in accordance with the Ordinance.

(b) The Underwriter may terminate this Agreement by notification to you if at any time subsequent to the date hereof and at or prior to the Closing, (i) legislation shall be enacted by the Congress or enacted by either House thereof or a decision by a Court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made, with respect to federal taxation upon revenues or other income of the general character expected to be derived by you and pledged under the Ordinance or upon interest received on bonds of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal income tax treatment of interest on bonds of the general character of the Bonds in the hands of the holders thereof, which in our opinion materially affects the market price of the Bonds; or (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds is in violation of any provisions of the Securities Act of 1933, as amended or of the Trust Indenture Act of 1939, as amended; or (iii) legislation shall be enacted by the Congress or enacted by either House, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of the Issuer or any similar public body are not exempt from the

registration, qualification or other requirements of the Securities Act of 1933, as amended or the Trust Indenture Act of 1939, as amended; (iv) other than conflicts underway involving the United States as of the date hereof, a war involving the United States which shall have been declared, or any conflict involving the armed forces of the United States which shall have escalated, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for the Bonds, or the sale, at the contemplated offering prices by the Underwriter; (v) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States or West Virginia State authorities, which in our opinion materially affects the market price of the Bonds; (vi) an event described in paragraph 7(j) hereof occurs which in our opinion requires a supplement or amendment to the Official Statement; or (vii) the market for the Bonds or the sale thereof by the Underwriter at the contemplated offering prices shall have been materially and adversely affected, in the opinion of the Underwriter, by reason of the fact that there has occurred a default with respect to the payment of principal of or interest on the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any state of the United States or public agency thereof or any city located in the United States with a population of more than 500,000;

(c) At or prior to the Closing, the Underwriter shall receive the following documents:

(1) The Official Statement of the Issuer, executed on behalf of the Issuer by its Mayor;

(2) The Ordinance, certified by the Mayor or City Manager and enacted by the Issuer and as being in effect, with such changes or amendments as may have been agreed to by the Underwriter;

(3) An opinion, dated the date of the Closing and addressed to the Issuer and the Bond Insurer, of Steptoe & Johnson PLLC, Bond Counsel for the Issuer, in substantially the form attached as Appendix D to the Official Statement;

(4) An opinion, dated the date of the Closing and addressed to the Underwriter and the Bond Insurer, of Steptoe & Johnson PLLC, Bond Counsel for the Issuer, to the effect that (i) this Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriter and that it is a binding agreement of the Underwriter in accordance with its terms) constitutes a binding agreement of the Issuer in accordance with its terms; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (iii) the statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption; and (iv) the statements contained in the Official Statement under the captions "Security for the Bonds," "The Bonds" and "Summary of Certain Provisions of the Ordinance," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are complete and accurate and present a fair summary of the matters referred to therein and of the Ordinance;

(5) An opinion, dated the date of Closing and addressed to the Underwriter, of John T. Poffenbarger, LLP, counsel for the Underwriter, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance are exempt for qualification pursuant to the Trust Indenture Act of 1939, as amended; and (ii) the statements contained in the Official Statement under the captions "Security for the Bonds," "The Bonds" and "Summary of Certain Provisions of the Ordinance," insofar as such statements contained under such captions purport to summarize certain provisions of the Ordinance, present a fair summary of such provisions; in addition, such counsel shall state in its letter containing the foregoing opinion, or in a separate letter dated the date of the Closing and addressed to the Underwriter, that, based upon its participation in the preparation of the Official Statement as counsel for the Underwriter and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that as of the date of the Closing the Official Statement, as of its date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the statements in the Official Statement with respect to The Depository Trust Company and Bonds being available in book-entry form only and except for the financial statements and other financial and statistical data included therein, as to which no view need be expressed) or that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(6) A certificate dated the date of the Closing and signed by the Mayor and City Manager of the Issuer stating that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (ii) (a) except as set forth in the Official Statement, no litigation is pending or, to their knowledge, threatened in any court to restrain or enjoin the issuance or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds, the Ordinance, or this Agreement, or contesting the powers of the Issuer or any authority for the issuance of the Bonds or the Ordinance, and (b) except as set forth in the Official Statement, there is no litigation pending, or, to the knowledge of said Mayor or City Manager, threatened against the Issuer in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Agreement, or contesting the powers of the Issuer with respect to the Bonds, the Ordinance or this Agreement or any transaction described in or contemplated by the Official Statement, which certificates shall be in form and substance acceptable to us (but in lieu of or in conjunction with such certificate, the Underwriter may, in its sole discretion, accept an opinion of Hoy G. Shingleton, Jr., Esquire, Counsel for the Issuer, that in his opinion the issues raised in any pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit with respect to the Bonds referred to in the Official Statement); and (iii) to the best of his knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which

it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect;

(7) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds, certified by the City Clerk of the Issuer;

(8) An opinion of counsel to the Issuer to the effect that no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Agreement, or contesting the powers of the Issuer with respect to the Bonds, the Ordinance or this Agreement or any transaction described in or contemplated by the Official Statement;

(9) A letter from the Issuer's independent auditors consenting to the use of their letter with respect to the Issuer's financial statements in the Official Statement;

(10) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or its counsel, John T. Poffenbarger, LLP, may deem necessary or advisable to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and to John T. Poffenbarger, LLP, counsel to the Underwriter.

If you shall be unable to satisfy the conditions of the Underwriter contained in this Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor you shall be under further obligation hereunder, except that the respective obligations of you and the Underwriter for the payment of expenses, as provided in Paragraph 10 hereof, shall continue in full force and effect.

9. (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay from Bond Proceeds or other funds, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the Underwriter's discount of $25,000.00, (ii) the fees and disbursements of Steptoe & Johnson PLLC and John T. Poffenbarger, LLP and any other experts or consultants retained by the Issuer; (iii) the fees of bond rating agencies in connection with the Bonds; and (iv) the cost of the preparation and the printing of the Bonds.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) all other expenses incurred by us in connection with the public offering and distribution of the Bonds; and (iii) the cost of printing any Blue Sky and Legal Investment Surveys to be used by us. Any expenses with respect to the Official Statement which are incurred following the issuance of the Bonds and which relate to compliance with Rule 15c2-12 shall be the obligation of the Issuer, and the Issuer shall pay any expense related thereto.

10. Any notice or other communication to be given to you under this Agreement may be given by delivering the same in writing at your address set forth above, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to Crews and Associates, 124 West Capitol, Little Rock, Arkansas 72201.

11. This Agreement is made solely for the benefit of you and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All your representations, warranties and agreements in this Agreement shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of, and payment for, the Bonds hereunder, and (c) any termination of this Agreement.

12. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. This Agreement shall be construed and enforceable in accordance with the laws of the State of West Virginia.

Very truly yours,

CREWS AND ASSOCIATES INC.

By: _____
Vice President

Accepted by:

CITY OF CHARLES TOWN

By: _____

Its: Mayor

Exhibit A

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2022	Term 1 Coupon	5.500%	6.000%	485,000.00	94.232%	457,025.20
12/01/2032	Term 2 Coupon	5.625%	6.100%	515,000.00	93.498%	481,514.70
Total	- -	-	-	1,000,000.00	-	938,539.90

$4,135,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2002 C

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Underwriter") that he is the duly elected and acting Mayor of the City of Charles Town (the "City") authorized to execute and deliver this Certificate and further certifies on behalf of the City to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated December 11, 2002, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, the identity of the Underwriter and other terms of the Bonds and any underlying obligations depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an 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, the City shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 18th day of December, 2002.

J. Randolph Hilton, Mayor

$1,000,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2003 A

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Underwriter") that he is the duly elected and acting Mayor of the City of Charles Town (the "City") authorized to execute and deliver this Certificate and further certifies on behalf of the City to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated December 11, 2002, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, the identity of the Underwriter and other terms of the Bonds and any underlying obligations depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an 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, the City shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 18th day of December, 2002.

J. Randolph Hilton, Mayor

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

CITY OF CHARLES TOWN
[Name of Issuer]

October 24, 2002
[Date]

Underwriting Department—Eligibility
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City of Charles Town
(Issuer)

By: J. Randolph Hilton
(Authorized Officer's Signature)

J. Randolph Hilton, Mayor
(Print Name)

101 East Washington Street
(Street Address)

Charles Town, WV 25414
(City) (State) (Zip Code)

(304) 725-2311, ext. 221
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Donna Russo

P-2487 04/99

SCHEDULE A
(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[Beneficial Owners of the Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

$4,105,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

REGISTRAR AGREEMENT FOR SERIES 2002 C BONDS

THIS AGREEMENT, dated as of December 20, 2002, by and between the CITY OF CHARLES TOWN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., a state banking corporation, as Registrar (the "Bank") under an Ordinance of the Issuer enacted December 16, 2002, as supplemented (collectively, the "Ordinance").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $4,105,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds"), pursuant to the Ordinance;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Series 2002 C Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Agreement does appoint the Bank to act as Registrar under the Ordinance 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 Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Series 2002 C Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2002 C Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank 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 Bank's authorized officers for the purposes of acting as the Bank and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank 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 Agreement and the Ordinance, the Issuer hereby agrees to pay to the Bank, 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 Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Ordinance, the terms of the Ordinance shall govern.

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

7. This 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:	City of Charles Town P.O. Box 14 Charles Town, West Virginia 25414 Attention: City Manager
BANK:	United Bank, Inc. 500 Virginia Street, East Charleston, West Virginia 25301 Attention: Corporate Trust

8. The Bank, as Registrar, is hereby requested and authorized to authenticate and deliver the Series 2002 C Bonds in accordance with the Ordinance.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN and UNITED BANK, INC., have caused this Agreement to be signed in their respective names and on their behalf, all as of the date first above-written.

CITY OF CHARLES TOWN

By _____
Mayor

UNITED BANK, INC.

By _____
Vice President and Trust Officer

12/14/02
144220.00004

UNITED BANK

I N V O I C E

Date: January 15, 2002

To: City of Charles Town
Charles Town, WV

Re: City of Charles Town
Combined Waterworks and Sewerage System
Revenue Bonds
Series 2002 C / Series 2003 A

Amount Due: $ 500.00

Account Acceptance Registrar Fee	500.00

Please remit to United Bank, Inc.
Corporate Trust Department
P. O. Box 393
Charleston, WV 25392

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT - UNINSURED)

REGISTRAR AGREEMENT FOR SERIES 2003 A BONDS

THIS AGREEMENT, dated as of January 15, 2003, by and between the CITY OF CHARLES TOWN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., a state banking corporation, as Registrar (the "Bank") under an Ordinance of the Issuer enacted December 16, 2002, as supplemented (collectively, the "Ordinance").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,000,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured) (the "Series 2003 A Bonds"), pursuant to the Ordinance;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Series 2003 A Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Agreement does appoint the Bank to act as Registrar under the Ordinance 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 Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Series 2003 A Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2003 A Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank 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 Bank's authorized officers for the purposes of acting as the Bank and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank 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 Agreement and the Ordinance, the Issuer hereby agrees to pay to the Bank, 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 Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Ordinance, the terms of the Ordinance shall govern.

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

7. This 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: City of Charles Town
P.O. Box 14
Charles Town, West Virginia 25414
Attention: City Manager

BANK: United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust

8. The Bank, as Registrar, is hereby requested and authorized to authenticate and deliver the Series 2003 A Bonds in accordance with the Ordinance.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN and UNITED BANK, INC., have caused this Agreement to be signed in their respective names and on their behalf, all as of the date first above-written.

CITY OF CHARLES TOWN

By _____
Mayor

UNITED BANK, INC.

By _____
Vice President and Trust Officer

12/14/02
144220.00004

UNITED BANK

I N V O I C E

Date: January 15, 2002

To: City of Charles Town
Charles Town, WV

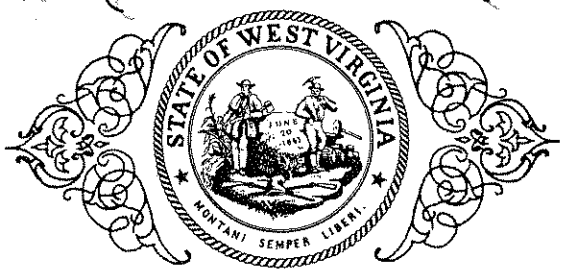
Re: City of Charles Town
Combined Waterworks and Sewerage System
Revenue Bonds
Series 2002 C / Series 2003 A

Amount Due: $ 500.00

Account Acceptance Registrar Fee	500.00

Please remit to United Bank, Inc.
Corporate Trust Department
P. O. Box 393
Charleston, WV 25392

State of West Virginia



Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 20 OF THE 2002 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

December 19, 2002

Secretary of State

By: Administrative Assistant

governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§ 8-16-1 et seq.] of this chapter. (1961, c. 104; 1969, c. 86; 1978, c. 72; 1990, c. 141.)

§ 8-19-20. Article to be liberally construed.

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86; 1990, c. 141.)

§ 8-19-21. Specifications for water mains and water service pipes.

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs, constructs, maintains, or upgrades water mains, shall ensure that all new mains specifically intended to provide fire protection are supplied by mains which are not less than six inches in diameter. A permit or other written approval shall be obtained from the department of health and human resources for each hydrant or group of hydrants installed in compliance with section nine [§ 16-1-9], article one, chapter sixteen of the West Virginia code as amended: Provided, That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are desired or required by the public or private utility: Provided, however, That the utility providing service has sufficient hydraulic capacity as determined by the department of health and human resources. (1994, c. 31.)

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

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8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.
8-20-19. Article to be liberally construed.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Legislative intent. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

PART I. COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS.

§ 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.

Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks and sewerage system either wholly within or partly within and partly without the corporate limits thereof, under the provisions of this article, and any municipality owning and operating either a waterworks or a sewerage system, but not both, may acquire, construct, establish and equip the waterworks or sewerage system which it does not then own and operate, and in either of such cases such municipality may provide by ordinance that when such waterworks or sewerage system, or both, shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system and an existing sewerage system may by ordinance combine the same into a single undertaking under the provisions of this article.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law,

may hereafter construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, and may finance the acquisition, construction, establishment and equipment of any such waterworks or sewerage system, or both, or the construction of extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of such combined waterworks and sewerage system, or both, by the issuance of revenue bonds under the provisions of this article.

Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with the water or sewer services and facilities, or both, of its combined waterworks and sewerage system: Provided, That such water or sewer services and facilities shall not be served or supplied within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system; the term "sewerage system" shall be construed to mean and include any or all of the following: A sewage treatment plant or plants, collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes; and the term "combined waterworks and sewerage system" shall be construed to mean and include a waterworks and sewerage system, which a municipality determines by ordinance to operate in combination. (1939, c. 98, §§ 1, 2; 1947, c. 112; 1955, c. 131; 1969, c. 86.)

Eminent domain. — Municipalities that operate sewer systems may exercise the power of eminent domain. When such a municipality is obliged to exercise that power in furtherance of its public responsibility, but refuses to do so, the public service commission may require the exercise of the power by appropriate order. Broadmoor/Timberline Apts. v. Public Serv. Comm'n, 180 W. Va. 387, 376 S.E.2d 593 (1988).

Plant expansion or repair. — Considering the general grant of authority provided by § 8-12-5(32) there is no language in this article that would prevent a municipality from granting funds to its combined waterworks and sewerage system to be used for plant expansion or repair. What this section does say, however, is that if the municipality wishes to finance any of the activities governed by the article, it must do so by revenue bonds or by loans or advances under § 8-20-16. Op. Att'y Gen., April 3, 1979.

§ 8-20-1a. Cooperation with other governmental units.

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the State of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with

the United States of America or any agency or department thereof. (1976, c. 83.)

§ 8-20-1b. Severance of combined system.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined waterworks and sewerage system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined waterworks and sewerage system into a separate waterworks system and a separate sewerage system.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage system is not effective until all such outstanding revenue bonds or notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and (ii) the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined waterworks and sewerage system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law. (1986, c. 118.)

Part II. Right of Eminent Domain.

§ 8-20-2. Right of eminent domain; limitations.

For the purpose of acquiring, constructing, establishing or extending any waterworks system or any sewerage system, or a combined waterworks and sewerage system, or for the purpose of constructing any additions, betterments or improvements to any such waterworks or sewerage system, or a combined

waterworks and sewerage system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or sewerage system, or combined waterworks and sewerage system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four [§ 54-1-1 et seq.] of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system shall not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of said municipality a municipal waterworks system or a combined waterworks and sewerage system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined waterworks and sewerage system in such municipality or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission. (1947, c. 112; 1969, c. 86.)

PART III. REVENUE BOND FINANCING.

§ 8-20-3. Ordinance describing project; contents.

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined waterworks and sewerage system any existing waterworks system or any existing sewerage system, or both, such ordinance shall provide that it or they be so included in such combined system and shall describe in a general way such existing waterworks or sewerage system or both to be included in the combined waterworks and sewerage system. Such ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both. Such ordinance shall determine the period of usefulness of the contemplated project. If it is intended to acquire, construct, establish and equip a combined waterworks and sewerage system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, the ordinance shall describe in a general way the works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed. Such ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with such bonds deemed advisable. Such ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1939, c. 98, § 4; 1947, c. 112; 1949, c. 91; 1969, c. 86.)

§ 8-20-4. Publication of abstract of ordinance and notice; hearing.

After the ordinance for any project under the provisions of this article has been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests and that a certified copy of the ordinance is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto. (1939, c. 98, § 5; 1947, c. 112; 1967, c. 105; 1969, c. 86; 1971, c. 103; 1981, 1st Ex. Sess., c. 2.)

§ 8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any such waterworks or sewerage system, or a combined waterworks and sewerage system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to either the waterworks or sewerage system of said combined waterworks and sewerage system, or both, any such municipality may issue revenue bonds under the provisions of this article. All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. Such bonds may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to such terms of redemption, with or without a premium, may be declared to become due before

the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain such other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all such bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes. Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with said combined waterworks or sewerage system, and all the moneys, revenues and other income of such municipality derived from such combined waterworks and sewerage system shall be exempt from all taxation by this State or any county, municipality, political subdivision or agency thereof. Such bonds may be sold in such manner as the governing body shall determine. If any such bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the interest cost of such municipality of the proceeds of such bonds shall not exceed thirteen percent per annum computed to maturity according to the standard table of bond values. If the governing body of the municipality determines to sell any revenue bonds of such combined waterworks and sewerage system for refunding purposes, the proceeds of such bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby. In case any officer whose signature appears on such bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. Such bonds shall have all the qualities of negotiable instruments under the laws of this State.

Whenever a waterworks and sewerage system is included in a combined waterworks and sewerage system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of such waterworks or such sewerage system or any part thereof, such outstanding bonds, obligations or securities may be refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article. Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system included in a combined waterworks and sewerage system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined waterworks and sewerage system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished

through the sale of revenue bonds of such combined waterworks and sewerage system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier. Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged: but each such bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article. (1939, c. 98, § 3; 1947, c. 112; 1957, c. 123; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined waterworks and sewerage system, and such bonds shall not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of such municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be deemed necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued. (1939, c. 98, § 6; 1969, c. 86.)

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined waterworks and sewerage system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined waterworks and sewerage system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five [§ 8-20-5] hereof. Any revenue bonds so issued in payment for such an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, such remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86.)

§ 8-20-8. Covenants with bondholders.

Any ordinance authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company, within or without the State, for the security of said bonds, which any such municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds or the revenues derived from said combined waterworks and sewerage system may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depository for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined waterworks and sewerage system, including any part thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such rates or charges for the use of the services and facilities of the combined waterworks and sewerage system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such combined waterworks and sewerage system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined waterworks and sewerage system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such combined waterworks and sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such combined waterworks and sewerage system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined waterworks and sewerage system and restrictions and limitations

upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such combined waterworks and sewerage system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertaking and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any such ordinance or trust indenture may also contain such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the Constitution of this State. (1955, c. 131; 1969, c. 86.)

§ 8-20-9. Operating contract.

Any such municipality may enter into contracts or agreements with any persons for (1) the repair, maintenance and operation and management of the facilities and properties of said combined waterworks and sewerage system, or any part thereof, or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons. Any such municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality as long as any of said bonds, or interest thereon, is outstanding and unpaid. (1955, c. 131; 1969, c. 86.)

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; failure to cure delinquency; delinquent rates or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

(a) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and

enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined waterworks and sewerage system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure and the sewerage harmless insofar as it is reasonably possible so to do, and any such municipality shall have plenary power and authority to charge the users for the use and service of such combined waterworks and sewerage system and to establish rates or charges for such purpose. Separate rates or charges may be fixed for the water and sewer services respectively or combined rates or charges for the combined water and sewer services. Such rates or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined waterworks and sewerage system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates and charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law until such time as all such rates and charges are fully paid.

(c) All rates or charges for water service and sewer service whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for such services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of such real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section

except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140.)

§ 8-20-11. Discontinuance of water service for nonpayment of rates or charges.

Any such municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water service of said combined waterworks and sewerage system for the nonpayment of the rates or charges for said water service or sewer service, or both. (1955, c. 133; 1969, c. 86.)

§ 8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined waterworks and sewerage system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118.)

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined waterworks and sewerage system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from such combined water-

works and sewerage system and the application of the same. At least once each year such municipality shall cause such accounts to be properly audited, and a report of such audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86.)

§ 8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.

Whenever a municipality collects rates or charges from users of any part of a sewerage system located outside the corporate limits of such municipality for sewerage service rendered to such users, pursuant to the provisions of this article or other act or law, such municipality shall be responsible for the repair and maintenance of such sewerage system and the county court [county commission] of the county or counties in which such sewerage system is located shall not be liable or responsible for the repair and maintenance of such sewerage system. (1957, c. 127; 1969, c. 86.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. IX, § 9.

§ 8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven [§ 8-20-7] of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates or charges for services rendered by the combined waterworks and sewerage system. If there be default in the payment of the principal of or interest upon any of such bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said combined waterworks and sewerage system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and such receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which such bonds have been issued or trust indenture, or both. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86.)

PART IV. GRANTS, LOANS AND ADVANCES; CUMULATIVE AUTHORITY.

§ 8-20-16. Grants, loans and advances.

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of combined waterworks and sewerage systems and the construction of additions, betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said combined waterworks and sewerage system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, lst Ex. Sess., c. 2; 1986, c. 118.)

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined waterworks and sewerage system; cumulative authority.

This article is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined waterworks and sewerage system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any such undertaking or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice

or proceeding relating to any such undertaking or to the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1994, c. 61.)

PART V. OPERATION BY BOARD; CONSTRUCTION.

§ 8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.

(a) As an alternative to the procedure hereinabove provided, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined waterworks and sewerage system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by such governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§ 8-16-1 et seq.] of this chapter.

(b) In the event that the waterworks or sewerage system or both are in existence prior to the creation of the combined waterworks and sewerage system, and the waterworks or sewerage system or both are supervised and controlled by a committee, board or commission, and the alternative provided for in subsection (a) of this section is to be followed with respect to the supervision and control of the combined waterworks and sewerage system, the governing body may by ordinance, after the creation of the combined waterworks and sewerage system, provide (1) the manner of and procedure for transferring such supervision and control from each such separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined waterworks and sewerage system, or (2) the manner of and procedure for combining each such separate committee, board or commission into one committee, board or commission and transferring thereto such supervision and control as aforesaid. (1961, c. 104; 1969, c. 86.)

§ 8-20-19. Article to be liberally construed.

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86.)

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VOLUME 3

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2002 SUPPLEMENT

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STREETS, SIDEWALKS
NNECTIONS AND
FORCEMENT OF
SERVICE.

HEALTH; ENFORCEMENT OF DUTY TO
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§ 8-18-23. Authority to require discontinuance of water service by provider utility for nonpayment of sewer service rates and charges; lien for delinquent service rates and charges; failure to cure delinquency; civil actions; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

Code of State Rules References. — Rules and regulations for the government of gas utilities and gas pipeline safety, 150 CSR 4, effective July 21, 1996.

Rules and regulations for the government of sewer utilities, 150 CSR 5, effective January 2, 1996.

ARTICLE 20.

COMBINED SYSTEMS.

Part I. Combined Waterworks and Sewerage Systems Authorized; Definitions.

Sec.
8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.
8-20-1b. Cooperation with other governmental units.
8-20-1c. Severance of combined system.

Part II. Right of Eminent Domain.

8-20-2. Right of eminent domain; limitations.

Part III. Revenue Bond Financing.

8-20-3. Ordinance describing project; contents.
8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.
8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.
8-20-7. Lien of bondholders.
8-20-8. Covenants with bondholders.
8-20-9. Operating contract.
8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.
8-20-11. Discontinuance of water service for nonpayment of rates or charges.
8-20-11a. Governmental entities subject to established rates.
8-20-12. Use of revenues; sinking fund.
8-20-13. System of accounts; audit.
8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Part IV. Grants, Loans and Advances; Cumulative Authority.

8-20-16. Grants, loans and advances.
8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

Part V. Operation by Board; Construction.

8-20-18. Alternative procedure for acquisition, construction, etc., of combined system.

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "Systems" for "Waterworks and Sewerage Systems" in the article heading.

PART I. COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS.

§ 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.

Stated in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

§ 8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.

(a) Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system either wholly within or partly within and partly without the corporate limits thereof under the provisions of this article, and any municipality owning and operating a waterworks and sewerage system, but not a stormwater system, may acquire, construct, establish and equip the stormwater system which it does not then own and operate, and such municipality may provide by ordinance that when such stormwater system shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system, sewerage system, and stormwater system, may by ordinance combine the same into a single undertaking under the provisions of this article. However, no municipality may acquire, construct, establish and equip or thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

(b) Any municipality which has combined its waterworks, sewerage system and stormwater systems under the provisions of this article, or pursuant to the provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to any of the systems, any combination thereof, or all of the waterworks, sewerage and stormwater systems of said combined waterworks, sewerage and stormwater system, and may finance the acquisition, construction, establishment and equipment thereof, or the construction or extensions, additions, betterments and improvements thereof by the issuance of revenue bonds under the provisions of this article.

(c) Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with either the water, sewer or stormwater services, any combination of such services or all such services, of its combined waterworks, sewerage and stormwater system; provided that such water, sewer or stormwater services and facilities shall not be served or supplied within the corporate limits of any municipality without the consent of

the governing body of such municipality: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(1) "Stormwater system" means a stormwater system in its entirety or any integral part thereof used to collect and dispose of stormwater and an associated stormwater management program. It includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet, including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage ways, easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations. The term "stormwater system" shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways.

(2) "Combined waterworks, sewerage and stormwater system" means a waterworks, sewerage and stormwater system which a municipality determines by ordinance to operate in combination.

(3) "Combined system" means either a combined waterworks, sewerage and stormwater system, or a combined waterworks and sewerage system.

(4) "Stormwater management program" means those activities associated with the management, operation and maintenance and control of stormwater and stormwater systems, and shall include and not be limited to public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law. The term "stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways. (1976, c. 83; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, rewrote the section.

§ 8-20-1b. Cooperation with other governmental units.

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the state of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with the United States of America or any agency or department thereof. (1986, c. 118; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, rewrote the section.

§ 8-20-1c. Severance of combined system.

Any municipality which has combined its waterworks and sewerage systems or waterworks, sewerage and stormwater systems, under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined system into separate systems.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined system, or any part thereof, are outstanding, then the municipality must provide in said ordinance that the severance of the combined system is not effective until all such outstanding revenue bonds or notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of the committee, board or commission, and the creation of other committees, boards or commissions as may be required by law. (2001, c. 212.)

Effective dates. — Acts 2001, c. 212, provided that the act take effect July 13, 2001.

PART II. RIGHT OF EMINENT DOMAIN.

§ 8-20-2. Right of eminent domain; limitations.

For the purpose of acquiring, constructing, establishing or extending any system within a combined system, or a combined system, or for the purpose of constructing any additions, betterments or improvements to any system

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within a combined system, or a combined system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any system within a combined system, or combined system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four [§§ 54-1-1 et seq.] of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system may not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of the municipality a municipal waterworks system or a combined system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined system in the municipality or within the proposed extension of the system, unless, except in the case of a stormwater system, a certificate of public convenience and necessity therefor shall have been issued by the public service commission: Provided, however, that the power of eminent domain provided in this section shall not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways. (1947, c. 112; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks" preceding "system", substituted "within a combined system" for "or any sewerage" in the first sentence; deleted "waterworks and sewerage" following "combined" throughout; substituted "system within a combined" for "such waterworks or sewerage"; substituted "may not" for "shall not" in the first proviso; inserted "except in the case of a stormwater system" in the first proviso; added the second proviso at the end of the section; and made other, minor changes.

Applied in Cincinnati Ins. Co. v. Mills, 208 W. Va. 723, 542 S.E.2d 886 (W. Va. 2000).

PART III. REVENUE BOND FINANCING.

§ 8-20-3. Ordinance describing project; contents.

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined system any existing waterworks system or any existing sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall provide that it or they be so included in the combined system and shall describe in a general way such existing waterworks or sewerage system or both, or, if applicable, any existing stormwater system, or any of them, or all of them, to be included in the combined system. The ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them. The ordinance shall determine the period of usefulness of the contemplated project.

If it is intended to acquire, construct, establish and equip a combined system or any part thereof, or to construct extensions, additions, betterments and

improvements to either the waterworks system or the sewerage system of the combined system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall describe in a general way the works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed.

The ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with the bonds considered advisable. The ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1939, c. 98, § 4; 1947, c. 112; 1949, c. 91; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; inserted "or if applicable... all of them" following "system, or both" throughout; in the third paragraph, substituted "the bonds considered advisable" for "such bonds deemed advisable"; and made other, minor changes.

§ 8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any system within a combined system, or a combined system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to any of the systems of said combined system, or all of them, any such municipality may issue revenue bonds under the provisions of this article.

All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. The bonds may be in denomination or denominations, may be in such form, either coupon or registered, may carry registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to terms of redemption, with or without a premium, may be declared to become due before the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

The bonds and the interest thereon, together with all properties and facilities of the municipality owned or used in connection with the combined

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system, and all the moneys, revenues and other income of such municipality derived from the combined system shall be exempt from all taxation by this state or any county, municipality, political subdivision or agency thereof. Bonds may be sold in such manner as the governing body shall determine. If any bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the interest cost to the municipality of the proceeds of the bonds may not exceed thirteen percent per annum computed to maturity according to the standard table of bond values.

If the governing body of the municipality determines to sell any revenue bonds of such combined system for refunding purposes, the proceeds of the bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby.

In case any officer whose signature appears on the bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he or she had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. The bonds shall have all the qualities of negotiable instruments under the laws of this state.

Whenever a waterworks and sewerage system or stormwater system, if applicable, is included in a combined system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of the waterworks or the sewerage system or stormwater system, if applicable, or any part thereof, such outstanding bonds, obligations or securities may be refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article.

Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system, or stormwater system, if applicable, included in a combined system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished through the sale of revenue bonds of such combined system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier.

Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged, but each bond shall be stamped with a legend to the effect that the same has been

refunded pursuant to the provisions of this article. (1939, c. 98, § 3; 1947, c. 112; 1957, c. 123; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; in the first sentence, substituted "system within a combined" for "such waterworks or sewerage", substituted "any of the systems" for "either the waterworks or sewerage system", substituted "all of them" for "both"; transferred last sentences of paragraph one dealing with the selling of bonds to paragraphs two, three, four, and five, thereby transferring former paragraphs three, four, and five to present paragraphs six, seven, and eight accordingly; inserted "or stormwater system, if applicable" following "sewerage system" throughout; and made other, minor changes.

§ 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined system, and the bonds may not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of the municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued. (1939, c. 98, § 6; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system", substituted "the" for "such" throughout, substituted "may not" for "shall not", and substituted "considered" for "deemed".

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds. However, no lien may attach to any portion of any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five [§ 8-20-5] hereof. Any revenue bonds so issued in payment for an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in

article. (1939, c. 98, § 3; 1947, c. 80, c. 33; 1981, 1st Ex. Sess., c. 2;

h"; transferred last sentences of paragraph dealing with the selling of bonds to para- hs two, three, four, and five, thereby trans- ing former paragraphs three, four, and five resent paragraphs six, seven, and eight lingly; inserted "or stormwater system, if licable" following "sewerage system" ughout; and made other, minor changes.

rom revenues; not to con- lebtedness.

rticle shall be payable solely from tem, and the bonds may not in any unicipality within the meaning of limitation and it shall be plainly same has been issued under the t constitute an indebtedness of the tatutory provision or limitation. of the bonds may contain such nce of additional revenue bonds or advisable for the assurance of and as may thereafter be issued.

, substituted "the" for "such" throughout, tituted "may not" for "shall not", and sub- ted "considered" for "deemed".

and granted a statutory mortgage all exist in favor of the holder of ach of them, and to and in favor of bonds, and such combined system gage lien until payment in full of ls. However, no lien may attach to inage easements or stormwater by the West Virginia division of

waterworks system may provide ing revenue bonds and delivering ed upon within the limitations Any revenue bonds so issued in shall for all purposes be regarded g secured by a purchase money l the holders thereof shall have, in

addition to any other remedies and rights prescribed by this article, remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; added the last sentence in the first paragraph; deleted "such" preceding "an existing" in the second paragraph, and deleted "such" preceding "remedies and rights" in the second paragraph.

§ 8-20-8. Covenants with bondholders.

Any ordinance authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company, within or without the state, for the security of said bonds, which any municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of the bonds as to:

(a) The purpose or purposes to which the proceeds of sale of bonds or the revenues derived from said combined system may be applied and the securing, use and disposition thereof, including, if considered desirable, the appointment of a trustee or depository for any of the funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined system, including any part thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for reserve or other funds as may be considered necessary or desirable;

(c) The fixing, establishing and collecting of rates, fees or charges for the use of the services and facilities of the combined system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such combined system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such combined system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined system, and the rank or priority, as to lien and source and security for payment from the revenues of such combined system, between bonds payable from the revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which defaults may be declared cured and the acceleration of the maturity of the bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined system and restrictions and limitations upon expenditures for the purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of the budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon the combined system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertaking and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any ordinance or trust indenture may also contain other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued under the provisions of this article, notwithstanding that other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; substituted "considered" for "deemed" throughout; in the final paragraph,substituted "under the provisions of this article" for "hereinunder" following "bonds issued", and made other, minor changes.

§ 8-20-9. Operating contract.

Any municipality may enter into contracts or agreements with any persons for: (1) The repair, maintenance and operation and management of the facilities and properties of the combined system, or any part thereof; or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for the period of time and under terms and conditions as shall be agreed upon between the municipality and such persons. Any municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing the bonds, that the contracts or agreements shall be valid and binding upon the municipality as long as any of the bonds, or interest thereon, is outstanding and unpaid. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "such" preceding "municipality" throughout, substituted "The" for "the" following "(1)", substituted "the" for "such" throughout, substituted "the" for "said" preceding "combined", deleted "waterworks and sewerage" preceding "system", deleted "such" preceding "terms", and substituted "the" for "said" in the last sentence.

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"the" for "said" preceding "combined",
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m", deleted "such" preceding "terms", and
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§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

(a) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure, the sewerage harmless insofar as it is reasonably possible so to do, and if applicable properly collecting and controlling the stormwater as is reasonably possible so to do: Provided, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways except in accordance with chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code.

Any municipality shall have plenary power and authority to charge the users for the use and service of combined system and to establish rates, fees or charges for such purpose. Separate rates, fees or charges may be fixed for the water and sewer services respectively, and, if applicable, the stormwater services, or combined rates, fees or charges for the combined water and sewer services, and, if applicable, the stormwater services. Such rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates, fees or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service, and, if applicable, stormwater service, whenever delinquent, as provided by ordinance

of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for the purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency had been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, inserted "fees" following "rates" throughout, substituted "the" for "such" throughout; deleted "waterworks and sewerage" preceding "system" throughout; in (a), substituted "if applicable... possible to do so:" for "any such", added the proviso, in the second paragraph, deleted "such" preceding "combined", inserted "and,... services" following "respectively" and "sewer services"; in (b), deleted "such" preceding "rates"; in (c), inserted "and,... service" following "sewer service", deleted "such" preceding "services rendered"; and in (e), deleted "such" preceding "delinquency".

Municipalities not granted authority to limit, modify or eliminate tort liability. — A municipal ordinance that is enacted pursuant to the power granted municipalities in this section to operate and maintain sewer systems that purports to limit, modify or eliminate tort liabilities and immunities related to such a sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Calabrese v. City of Charleston, 515 S.E.2d 814 (W. Va. 1999).

§ 8-20-11. Discontinuance of water service for nonpayment of rates or charges.

Any municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and

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icipalities not granted authority to modify or eliminate tort liability. — nicipal ordinance that is enacted pursu- the power granted municipalities in this n to operate and maintain sewer systems urports to limit, modify or eliminate tort ties and immunities related to such a system in a fashion that conflicts with eral law of the state, is unenforceable oid, to the extent of such conflict. rese v. City of Charleston, 515 S.E.2d 814 1999).

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power and authority, and may
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discontinue the supplying of the water service of the combined system for the nonpayment of the rates, fees or charges for said water service or sewer service, or both, or, if applicable, stormwater service, or any combination thereof, or all of them. (1955, c. 133; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "such" before "municipality", substituted "the" for "said" preceding "combined", deleted "waterworks and sewerage" preceding "system", inserted "fees" following "rates", and added "or, if applicable... all of them" to the end of the sentence.

§ 8-20-11a. Governmental entities subject to established rates.

The municipality and any county government, state government and federal government served by the services of the combined system shall be subject to the same rates, fees or charges established in this article or to rates, fees or charges established in harmony therewith, for service rendered to the governmental entity, and shall pay such rates, fees or charges when due from corporate funds and the same shall be considered to be part of the revenue of the combined system as defined in this article, and be applied as provided in this article, for the application of such revenues. However, no rates, fees or charges for combined services or stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways. (2001, c. 212.)

Effective dates. — Acts 2001, c. 212, provided that the act take effect July 13, 2001.

§ 8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any bonds are issued shall pledge the revenues derived from the combined system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which the bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" before "system" throughout, substituted "the" for "such" throughout, and deleted "as and when" following "amounts" in the third sentence.

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from the combined system and the application of the same. At least once each year the municipality shall cause the accounts to be properly audited, and a report of the audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout and substituted "the" for "such" throughout.

§ 8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven [§ 8-20-7] of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates, fees or charges for services rendered by the combined system.

If there be default in the payment of the principal of or interest upon any of bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said combined system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates, fees or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and the receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which the bonds have been issued or trust indenture, or both. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout, substituted "the" for "such" throughout, inserted "fees" following "rates" throughout; in the first paragraph, deleted "such" preceding "ordinance"; and in the second paragraph, deleted "such" preceding "bonds".

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principal of or interest upon any of ny court having jurisdiction shall nbined system on behalf of the , or both, with power to charge and provide for the retirement of the for the payment of the repair, the receiver shall apply the rev- of this article and the ordinance sued or trust indenture, or both. 2001, c. 212.)

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PART IV. GRANTS, LOANS AND ADVANCES; CUMULATIVE AUTHORITY.

§ 8-20-16. Grants, loans and advances.

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of combined systems and the construction of additions, betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said combined system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article notwithstanding, interest on any loans or temporary advances may be paid from the proceeds thereof until the maturity of the notes or other negotiable instrument.

In no event shall any loan or temporary advance be a general obligation of the municipality and the loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, lst Ex. Sess., c. 2; 1986, c. 118; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "systems" throughout, substituted "the" for "such" throughout; in the first paragraph, deleted "such" preceding "loans"; and in the second paragraph, deleted "such" preceding "loan".

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

This article is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any

undertaking or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to any undertaking or to the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article: Provided, however, that no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "systems" throughout, deleted "such" preceding "undertaking" throughout, and added the proviso.

PART V. OPERATION BY BOARD; CONSTRUCTION.

§ 8-20-18. Alternative procedure for acquisition, construction, etc., of combined system.

(a) As an alternative to the procedure provided in this article, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by the governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§§ 8-16-1 et seq.] of this chapter.

However, no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) In the event that the waterworks or sewerage system or both, or if applicable, stormwater services, are in existence prior to the creation of the combined system, and the waterworks or sewerage system or both, and if applicable, stormwater services, are supervised and controlled by a committee,

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board or commission, and the alternative provided for in subsection (a) of this section is to be followed with respect to the supervision and control of the combined system, the governing body may by ordinance, after the creation of the combined system, provide:

(1) The manner of and procedure for transferring supervision and control from each separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined system; or

(2) The manner of and procedure for combining each separate committee, board or commission into one committee, board or commission and transferring thereto supervision and control as aforesaid. (1961, c. 104; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; in (a), deleted "hereinabove" following "procedure", inserted "in this article" following "provided", substituted "the" for "such" preceding "governing body"; added the second paragraph; in (b), inserted "or if applicable, stormwater services" following "or both", inserted "and if applicable, stormwater services" following "or both", designated new subsections (b)(1) and (b)(2); in (b)(1), deleted "such" preceding "supervision"; in (b)(2), deleted "such" preceding "separate" and "supervision", and made other, minor changes.

ARTICLE 22.

RETIREMENT BENEFITS GENERALLY; POLICEMEN'S PENSION AND RELIEF FUND; FIREMEN'S PENSION AND RELIEF FUND; PENSION PLANS FOR EMPLOYEES OF WATERWORKS SYSTEM, SEWERAGE SYSTEM OR COMBINED WATERWORKS AND SEWERAGE SYSTEM.

Part III. Policemen's Pension and Relief Fund; Firemen's Pension and Relief Fund.

Sec.
8-22-20. Minimum standards for actuarial soundness.
8-22-20a. Hiring of actuary; preparation of actuarial valuations.

PART II. GENERAL RETIREMENT SYSTEMS FOR CLASS I, II AND III CITIES.

§ 8-22-3. Definitions.

ALR references. — What constitutes "salary," "wages," "pay," or the like, within pension law basing benefits thereon, 91 ALR5th 225.

FILE COPY

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1 Issuer's name: City of Charles Town

2 Issuer's employer identification number: 55 6000159

3 Number and street (or P.O. box if mail is not delivered to street address): Post Office Box 14 — Room/suite:

4 Report number: 3 - 03

5 City, town, or post office, state, and ZIP code: Charles Town, WV 25414

6 Date of issue: December 20, 2002

7 Name of issue: Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)

8 CUSIP number: 160028 BE5

9 Name and title of officer or legal representative whom the IRS may call for more information: Jane Arnett, CPA; City Manager

10 Telephone number of officer or legal representative: (304) 725-2311

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☒ Environment (including sewage bonds)	15	4,055,364
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

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19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12-1-2032	$ 4,055,364	$ 245,000	18.437 years	4.8773386 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	9,594.60
23	Issue price of entire issue (enter amount from line 21, column (b))			23	4,055,364
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	92,998.00		
25	Proceeds used for credit enhancement	25	52,000.00		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	130,302.50		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	3,780,063.50

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ N/A years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years

33 Enter the last date on which the refunded bonds will be called ▶ N/A

34 Enter the date(s) the refunded bonds were issued ▶ N/A

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		-0-
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☒

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

J. Randolph Hilton 12/20/02 ▶ J. Randolph Hilton, Mayor

Signature of issuer's authorized representative — Date — Type or print name and title

FILE COPY

Form **8038**
(Rev. January 2002)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Private Activity Bond Issues

(Under Internal Revenue Code section 149(e))
▶ See separate instructions.

OMB No. 1545-0720

Part I Reporting Authority

Check if **Amended Return** ▶ ☐

1 Issuer's name: City of Charles Town	2 Issuer's employer identification number: 55 6000159
3 Number and street (or P.O. box if mail is not delivered to street address): Post Office Box 14 — Room/suite	4 Report number: 1 - 01
5 City, town, or post office, state, and ZIP code: Charles Town, West Virginia 25414	6 Date of issue: January 15, 2003
7 Name of issue: Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured)	8 CUSIP number: 160028 BGO
9 Name and title of officer or legal representative whom the IRS may call for more information: Jane Arnett, CPA, City Manager	10 Telephone number of officer or legal representative: (304) 725.2311

Part II Type of Issue (check the applicable box(es) and enter the issue price for each)

		Issue Price
11 Exempt facility bond:		
a ☐ Airport (sections 142(a)(1) and 142(c))	11a	
b ☐ Docks and wharves (sections 142(a)(2) and 142(c))	11b	
c ☑ Water furnishing facilities (sections 142(a)(4) and 142(e))	11c	938,540
d ☐ Sewage facilities (section 142(a)(5))	11d	
e ☐ Solid waste disposal facilities (section 142(a)(6))	11e	
f ☐ Qualified residential rental projects (sections 142(a)(7) and 142(d)), as follows:	11f	
Meeting 20–50 test (section 142(d)(1)(A)) ☐		
Meeting 40–60 test (section 142(d)(1)(B)) ☐		
Meeting 25–60 test (NYC only) (section 142(d)(6)) ☐		
Has an election been made for deep rent skewing (section 142(d)(4)(B))? ☐ Yes ☐ No		
g ☐ Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	11g	
h ☐ Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	11h	
Facility type		
1986 Act section		
i ☐ Qualified enterprise zone facility bonds (section 1394) (see instructions)	11i	
j ☐ Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	11j	
k ☐ District of Columbia Enterprise Zone facility bonds (section 1400A) (see instructions)	11k	
l ☐ Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	11l	
m ☐ Other. Describe (see instructions) ▶	11m	
12 ☐ Qualified mortgage bond (section 143(a))	12	
13 ☐ Qualified veterans' mortgage bond (section 143(b)) ▶	13	
Check the box if you elect to rebate arbitrage profits to the United States ☐		
14 ☐ Qualified small issue bond (section 144(a)) (see instructions) ▶	14	
Check the box for $10 million small issue exemption ☐		
15 ☐ Qualified student loan bond (section 144(b))	15	
16 ☐ Qualified redevelopment bond (section 144(c))	16	
17 ☐ Qualified hospital bond (section 145(c)) (attach schedule—see instructions)	17	
18 ☐ Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions)	18	
Check box if 95% or more of net proceeds will be used **only** for capital expenditures ▶ ☐		
19 ☐ Nongovernmental output property bond (treated as private activity bond) (section 141(d))	19	
20 ☐ Other. Describe (see instructions) ▶	20	

RECEIVED
MAY 18 2003
OGDEN, UT
216 IRS-OSC

Part III Description of Bonds (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12-01-2032	$ 938,540	$ 1,000,000	19.252 years	6.0637475 %

FILE COPY

Part IV Uses of Proceeds of Issue (including underwriters' discount)

				Amount
22	Proceeds used for accrued interest		22	2,163.92
23	Issue price of entire issue (enter amount from line 21, column (b))		23	938,540.00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 18,700		
25	Proceeds used for credit enhancement	25 -0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26 71,944		
27	Proceeds used to currently refund prior issue (complete Part VI)	27 -0-		
28	Proceeds used to advance refund prior issue (complete Part VI)	28 -0-		
29	Add lines 24 through 28		29	90,644.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	847,896.00

Part V Description of Property Financed by Nonrefunding Proceeds

Caution: *The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.*

31 Type of Property Financed by Nonrefunding Proceeds:		Amount
a Land	31a	30,000
b Buildings and structures	31b	-0-
c Equipment with recovery period of more than 5 years	31c	-0-
d Equipment with recovery period of 5 years or less	31d	-0-
e Other (describe) Water Distribution System	31e	938,540

32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.

	NAICS Code	Amount of nonrefunding proceeds		NAICS Code	Amount of nonrefunding proceeds
a	221310	$ 847,896	c		$
b		$	d		$

Part VI Description of Refunded Bonds (Complete this part only for refunding bonds.)

33 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ N/A years

34 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years

35 Enter the last date on which the refunded bonds will be called ▶ N/A

36 Enter the date(s) the refunded bonds were issued ▶ N/A

Part VII Miscellaneous

37 Name of governmental unit(s) approving issue (see the instructions) ▶ City of Charles Town, West Virginia - Date of Public Hearing - 12/05/2002; Date of Approval 12/05/2002

38 Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) ▶ ☐

39 Check the box if you have elected to pay a penalty in lieu of arbitrage rebate ▶ ☐

40 Check the box if you have identified a hedge (see instructions) ▶ ☐

41 Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user ▶ ☒

Name ▶ Huntfield LC EIN 54 1980626

Part VIII Volume Caps

			Amount
42	Amount of state volume cap allocated to the issuer. **Attach copy of state certification**	42	1,000,000
43	Amount of issue subject to the unified state volume cap	43	-0-
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	44	-0-
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	44a	-0-
b	Under a carryforward election. Attach a copy of Form 8328 to this return	44b	-0-
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	44c	-0-
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	44d	-0-
45a	Amount of issue of qualified veterans' mortgage bonds	45a	-0-
b	Enter the state limit on qualified veterans' mortgage bonds	45b	-0-
46a	Amount of section 1394(f) volume cap allocated to issuer. **Attach copy of local government certification**	46a	-0-
b	Name of empowerment zone ▶		
47	Amount of section 142(k)(5) volume cap allocated to issuer. **Attach copy of state certification.**	47	-0-

Sign Here

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

J Randolph Hilton — Signature of officer

January 15, 2003 — Date

J. Randolph Hilton — Name of above officer (type or print)

Mayor — Title of officer (type or print)

STATE OF WEST VIRGINIA
INDUSTRIAL DEVELOPMENT BONDS
CAP ALLOCATION FORM

Calendar Year 2002

Mail To:	Project Number:	Issuer:
West Virginia Economic Development Authority 1018 Kanawha Boulevard, Suite 501 Charleston, WV 25301	Date Approved: 12/02/02 Date Expires: 12/31/02 County: JEFFERSON	City of Charles Town

I. INFORMATION REGARDING PURPOSE OF THIS SUBMISSION

Check all of the boxes below which apply. Where required, also supply additional information.

A [X] Notification of Inducement. Date of Inducement: November 25, 2002

B 1. [X] Request for reservation of funds against the STATEWIDE CAP.

2. [X] Amount of funds requested for reservation: $1,000,000

3. Is this issue eligible for prior year carryforward of funds and do you so elect?

[X] No

[ ] Yes. If yes, you must attach certificate of election.

4. Has application for this project been made before? [X] No

C [X] Notification of Bond Closing and utilization of approved CAP reservation of funds

Total actual issue amount: $ 1,000,000

D [ ] Notification of termination of approved requested reservation of funds.

II. INFORMATION ABOUT THE PROPOSED BOND

If you checked any box in A, B, or C in Section I, also complete this section.

A Official name of f Bond issue: Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 B

B Lessee/User of Project: Huntfield I. I. C. is the guarantor of the project.

C Standard Industrial Classification (SIC) Code and classification: 4941

D Location of Project: Jefferson County, West Virginia

E Use of Funds: Acquisition of waterworks distribution system

III. BOND CLOSING INFORMATION

If you checked box C in Section I, also complete this section.

A Amount of Total Financing: $ 1,000,000

B Bond Issue Date: January 15, 2003 Final Maturity: December 1, 2032

C Attach Documentation of Bond Structure, Including Maturity Dates and Rates.

D Bond Counsel: Steptoe & Johnson PLLC Contact Person: John C. Stump, Esquire

E Bond Counsel Address: P.O. Box 1588, Charleston, WV 25326 Telephone: (304) 353-8196

F Underwriter: Crews & Associates, Inc. Contact Person: Gregory B. Isaacs

G Underwriter Address: P.O. Box 2764, Charleston, WV 25314 Telephone: (304) 344-1733

H Trustee:

I Registrar: United Bank, Inc.

J Paying Agent: West Virginia Municipal Bond Commission

IV. SUBMISSION CERTIFICATION

All requests for reservations of funds must be accompanied by the signature of the Clerk of the county in which the inducement resolution was passed.

This request for allocation of Industrial Development Bonding authority from the West Virginia statewide cap is made by passage of the attached Inducement Resolution on the 27th day of November, 2002 by

Jane E. Arnett
City Manager

V. INFORMATION ABOUT THE PROJECT

Anyone requesting reservation from the statewide cap must complete this section.

A List Three Major Suppliers for the Finished Project. (Company Name and Address)

Project is part of a water transmission system for the City of Charles Town.

B. List Three Major Customers for the Finished Project. (Company Name and Address)

Project provides water to residential and commercial customers in Jefferson County.

C Projected Number of Construction Period Jobs: N/A Projected Number of Permanent Jobs: N/A

D Projected Annual Payroll ($): N/A Projected Additional West Virginia Tax Rev venues: None

VI. NARRATIVE ON OTHER KEY BENEFITS TO WEST VIRGINIA

Applicants for bond allocation may use this area to describe collateral benefits from the proposed project.

See Cover Letter.

VII. DISPOSITION OF REQUEST

This section is completed by the WV Industrial Development Bond Allocation Committee.

[X] The Application is Approved for Allocation from the Statewide Cap in the Amount of $ 1,000,000

[ ] The Application is Denied for Allocation for the Reason(s) Indicated Below

[ ] The Request Exceeds Available Statewide Cap

[ ] This Form is Incomplete or Completed in Error:

[ ] Other Reason(s) as Follows:

I certify under penalties of perjury that the approval of allocation of funds against the Statewide Cap referenced herein was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Executive Director
West Virginia Development Office

VIII. WEST VIRGINIA JOBS ACT CERTIFICATION

The "West Virginia Jobs Act" ("Act"), as found in West Virginia Code Article 1C, Chapter 21, requires that West Virginia residents should be given preference in hiring for construction projects that depend, in whole or in part, on state taxpayer funding. Employers are required to hire at least 75% of their employees from the local labor market (which includes all counties in WV and all counties bordering WV that falls within 75 miles of its borders). Please answer the following questions to determine if this project is required to conform to the "Act".

1. Does this project include the construction of a public improvement*?
   - _X_ Yes Please continue to question #2.
   - ___ No This project is excluded from the "Act". Stop here and sign the form.

2. Are the construction costs $500,000 or less?
   - ___ Yes This project is excluded from the "Act". Stop here and sign the form.
   - _X_ No Please continue to question #3.

3. Is the borrower a county or municipality?
   - _X_ Yes This project is excluded from the "Act". Stop here and sign the form.
   - ___ No Please continue to question #4.

4. Will the project be initiated and managed by a local or county economic development authority?
   - ___ Yes This project is excluded from the "Act". Stop here and sign the form.
   - ___ No Please continue to question #5.

5. Is any funding for the construction of the public improvement derived from federal sources?
   - ___ Yes This project is excluded from the "Act". Stop here and sign the form.
   - ___ No Please continue to question #6.

6. Will a public authority** let the construction contract?
   - ___ Yes This project is covered under the "Act". Please contact WVEDA staff for a list of specific requirements.
   - ___ No This project is excluded from the "Act". Stop here and sign the form.

*Public improvement includes the construction of all buildings, roads, highways, bridges, streets, alleys, sewers, ditches, sewage disposal plants, waterworks, airports and all other structures that may be let to contract by a public authority.

**Public Authority means any officer, board, commission or agency of the state of West Virginia, excluding counties and municipalities.

APPLICANT:

Signature of Authorized Company Representing Verifying Accuracy of Information:

Jane E. Arnett

Signature

11/27/02

Date

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

NEW ISSUE REPORT FORM

Date of Report: December 20, 2002

(See Reverse for Instructions)

ISSUE: City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured)

ADDRESS: 101 East Washington Street (P.O. Box 14), Charles Town, WV 25414 COUNTY: Jefferson

PURPOSE OF ISSUE: New Money: x
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: December 1, 2002

CLOSING DATE: December 20, 2002

ISSUE AMOUNT: 4,135,000

RATE: various

1ST DEBT SERVICE DUE: June 1, 2003

1ST PRINCIPAL DUE: December 1, 2003

1ST DEBT SERVICE AMOUNT: 90,896.25

PAYING AGENT: WV Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: 304.353.8196

UNDERWRITERS COUNSEL: John T. Poffenbarger, Esquire
Contact Person: same
Phone: 304.342.1678

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: N/A
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Jane Arnett, CPA
Position: City Manager
Phone: 304.725.2311 ext. 10

OTHER: Underwriter - Crews & Associates, Inc.
Contact Person: Greg Isaacs
Function: Vice President
Phone: 304.344.1733

DEPOSITS TO MBC AT CLOSE:
By: x Wire
_____ Check

x Accrued Interest: $ 9,594.60
____ Capitalized Interest: $ _____
x Reserve Account: $ 130,302.50
____ Other: _____ $ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT

____ To Escrow Trustee: $ _____
____ To Issuer $ _____
____ To Cons. Invest. Fund $ _____
____ To Other: _____ $ _____

NOTES: The Series 2002 C Bonds Reserve Account is initially funded at 50% of the Series 2002 C Bonds Reserve Requirement with proceeds of the Series 2002 C Bonds.

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

CH569179.1

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

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

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

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

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

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

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

NEW ISSUE REPORT FORM

Date of Report: January 15, 2003

(See Reverse for Instructions)

ISSUE: City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (Uninsured)

ADDRESS: 101 East Washington Street (P.O. Box 14), Charles Town, WV 25414 COUNTY: Jefferson

PURPOSE OF ISSUE: New Money: x
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: January 1, 2003

CLOSING DATE: January 15, 2003

ISSUE AMOUNT: $1,000,000

RATE: Various

1ST DEBT SERVICE DUE: June 1, 2003

1ST PRINCIPAL DUE: December 1, 2003

1ST DEBT SERVICE AMOUNT: 21,965.19

PAYING AGENT: WV Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: 304.353.8196

UNDERWRITERS COUNSEL: John T. Poffenbarger, Esquire
Contact Person: same
Phone: 304.342.1678

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: N/A
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Jane Arnett, CPA
Position: City Manager
Phone: 304.725.2311 ext. 10

OTHER: Underwriter - Crews & Associates, Inc.
Contact Person: Greg Isaacs
Function: Vice President
Phone: 304.344.1733

DEPOSITS TO MBC AT CLOSE:
By: x Wire
_____ Check

x Accrued Interest: $ 2,163.92
____ Capitalized Interest: $ _____
x Reserve Account: $ 71,943.76
____ Other: _____ $ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT

____ To Escrow Trustee: $ _____
____ To Issuer $ _____
____ 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 basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

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

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

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

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

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

CITY OF CHARLES TOWN, WV
Combined Waterworks and Sewerage System Bonds
Series 2002 C

Closing Date: December 20, 2002
DTC FAST CLOSING

SOURCES:				
Par Amount of Bonds		4,135,000.00		
Original Issue Discount		(79,636.45)		
Accrued Interest from 12/01/02 to 12/20/2002		9,594.60		
TOTAL SOURCES OF FUNDS		4,064,958.15		
USES:				
Deposit to Construction Fund		3,780,063.15		
Bond Insurance - MBIA		52,000.00		
Deposit to Debt Service Reserve Fund		130,302.50		
Underwriters Discount		41,350.00		
Costs of Issuance:			*2003 COI*	
Bond Counsel - Steptoe & Johnson	25,000.00		$10,000.00	
Bond Counsel expenses - Steptoe & Johnson	2,500.00	est.	1,000.00	
Underwriter's Counsel - John T. Poffenbarger	15,847.90		4,152.10	
Rating Fee - Moody's Investors Service	5,250.00		$15,152.10	
Printing/Shipping - Westerfield Bonte	2,500.00	est.		
Registrar Set Up Fee - United Bank, Inc.	500.00			
Registrar Annual Fee - United Bank, Inc.	50.00			
Underwriting Expenses - Crews				
PSA	NA			
MSRB	NA			
DTC	NA			
CUSIP	NA			
Total Costs of Issuance		51,647.90		
Deposit to Bond Fund (Debt Service)		9,594.60		
Rounding (Applied to COI)		0.00		
TOTAL USES OF FUNDS		4,064,958.15		
		0.00		

CONTACTS:

United Bank, Inc. (Registrar)
Kathy Smith
304-348-8427 Tel

City of Charles Town, WV
Jane Arnett
304-725-2311 Tel

DTC
212-855-3753 Tel
212-855-3704 Tel

Crews BD# 5158

BB & T (Depository Bank)
Name
304-___-____ Tel

WIRE INSTRUCTIONS:

From: Crews & Associates, Inc. → **To: Depository Bank**

Par Amount of Bonds	4,135,000.00	Bank:	Branch Banking & Trust
Less Underwriters Discount	(41,350.00)	City:	Ranson, WV
Less OID	(79,636.45)	ABA#:	057 0006 68
Plus Accrued Interest	9,594.60	Acct. Name:	Construction Fund
		Account No.:	5173367181
Total Wire	4,023,608.15	F/B/O:	Series 2002 C

From: Crews & Associates, Inc. → **To: MBIA Insurance Corporation**

Bond Insurance Premium	52,000.00	Bank:	JP Morgan Chase Bank
		City:	New York, NY
		ABA#:	021 0000 21
		Acct. Name:	MBIA Insurance Corporation
		Account No.:	910-2-721728
Total Wire	52,000.00	F/B/O:	39942

From: Depository Bank → **To: WV Municipal Bond Commission**

Debt Service Reserve Fund	130,302.50	Bank:	Branch Banking & Trust
Debt Service Fund	9,594.60	City:	Charleston, WV
		ABA#:	051 5033 94
		Acct. Name:	State of West Virginia
		Account No.:	5270517317
Total Wire	139,897.10	F/B/O:	City of Charles Town, WV

CITY OF CHARLES TOWN, WV
Combined Waterworks and Sewerage System Bonds
Series 2003 A

Closing Date: January 15, 2003
DTC FAST CLOSING

SOURCES:		
Par Amount of Bonds		1,000,000.00
Original Issue Discount		(61,460.10)
Accrued Interest from 1/01/03 to 1/15/03		2,163.92
TOTAL SOURCES OF FUNDS		**940,703.82**
USES:		
Deposit to Construction Fund		847,917.39
Deposit to Debt Service Reserve Fund		71,943.76
Underwriters Discount		3,526.65
Costs of Issuance:		
Bond Counsel - Steptoe & Johnson	10,000.00	
Bond Counsel expenses - Steptoe & Johnson	1,000.00	
Underwriter's Counsel - John T. Poffenbarger	4,152.10	
Underwriting Expenses - Crews		
PSA	NA	
MSRB	NA	
DTC	NA	
CUSIP	NA	
Total Costs of Issuance		15,152.10
Deposit to Bond Fund (Debt Service)		2,163.92
Rounding ($2,902.75 Applied to COI)		0.00
TOTAL USES OF FUNDS		**940,703.82**
		0.00

CONTACTS:

United Bank, Inc. (Registrar)
Kathy Smith
304-348-8427 Tel

City of Charles Town, WV
Jane Arnett
304-725-2311 Tel

DTC
212-855-3753 Tel
212-855-3704 Tel

BB & T (Depository Bank)
Eileen Sealey
304-728-4200 Tel
304-728-4217 Fax

Crews BD# **5158**

WIRE INSTRUCTIONS:

From: Crews & Associates, Inc. → **To: Depository Bank**

Total Sources of Funds	1,002,163.92	Bank:	Branch Banking & Trust
Less Underwriter's Discount	(3,526.65)	City:	Ranson, WV
Less OID	(61,460.10)	ABA#:	051 5033 94
Less DSRF	(71,943.76)	Acct. Name:	Construction Fund
Less Accrued Interest	(2,163.92)	Account No.:	5173367181
		F/B/O:	Series 2003 A
Total Wire	**863,069.49**		

From: Crews & Associates, Inc. → **To: WV Municipal Bond Commission**

Debt Service Reserve Fund	71,943.76	Bank:	Branch Banking & Trust
Debt Service Fund	2,163.92	City:	Charleston, WV
		ABA#:	051 5033 94
Total Wire	**74,107.68**	Acct. Name:	State of West Virginia
		Account No.:	5270517317
		F/B/O:	City of Charles Town, WV

From: City of Charles Town, WV → **To: Crews & Associates, Inc.**

Balance of Underwriters Discount	21,473.35	Via US Mail
Total Check	**21,473.35**	

$4,135,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

ACCEPTANCE OF DUTIES OF
DEPOSITORY BANK FOR SERIES 2002 C BONDS

BRANCH BANKING AND TRUST COMPANY, Ranson, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance enacted by the City of Charles Town (the "Issuer") on December 16, 2002, as supplemented by a Supplemental Resolution of the Issuer adopted December 16, 2002 (collectively, the "Ordinance") authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C, dated December 1, 2002, in the aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds") and agrees to serve as Depository Bank in connection with the Series 2002 C Bonds, all as set forth in the Ordinance.

Dated this 20th day of December, 2002.

BRANCH BANKING AND TRUST COMPANY

By Brenda Paxton
Its: Authorized Officer

12/16/02
144220/00004

$1,000,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT-UNINSURED)

ACCEPTANCE OF DUTIES OF
DEPOSITORY BANK FOR SERIES 2003 A BONDS

BRANCH BANKING AND TRUST COMPANY, Ranson, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance enacted by the City of Charles Town (the "Issuer") on December 16, 2002, as supplemented by a Supplemental Resolution of the Issuer adopted December 16, 2002 (collectively, the "Ordinance") authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A, dated January 1, 2003, in the aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds") and agrees to serve as Depository Bank in connection with the Series 2003 A Bonds, all as set forth in the Ordinance.

Dated this 15th day of January, 2003.

BRANCH BANKING AND TRUST COMPANY

By Brenda Poston
Its: Authorized Officer

01/14/03
144220/00004

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

December 20, 2002

$4,135,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2002 C (INSURED)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of J. C. Kunkle & Associates, independent certified public accountants, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds") by the City of Charles Town (the "Issuer"), under the terms of the bond ordinance authorizing the Series 2002 C Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629, (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916, (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000, (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480; (5) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601; (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781; (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000; and (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000 (collectively, the "Prior Bonds").

Authorized Representative

12/16/02
144220.00004

State of West Virginia .

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

January 15, 2003

$1,000,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2003 A (AMT-UNINSURED)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT-Uninsured), in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds") by the City of Charles Town (the "Issuer"), under the terms of the bond ordinance authorizing the Series 2003 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629, (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916, (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000, (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480; (5) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601; (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781; (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000; (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated August 22, 2002, issued in the original aggregate principal amount of $3,600,000; and (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of $4,135,000 (collectively, the "Prior Bonds").

Authorized Representative

Prior Ordinances (Please see transcripts):

(1) Combined Waterworks and Sewerage Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629 (the "Series 1987 B Bonds");

(2) Combined Waterworks and Sewerage Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of $295,916 (the "Series 1988 B-1 Bonds");

(3) Combined Waterworks and Sewerage Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of $558,000 (the "Series 1988 B-2 Bonds");

(4) Combined Waterworks and Sewerage Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480 (the "Series 1989 B Bonds");

(5) Combined Waterworks and Sewerage Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of $10,355,000 (the "Series 1998 Refunding Bonds");

(6) Combined Waterworks and Sewerage Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601 (the "Series 1998 Refunding Bonds");

(7) Combined Waterworks and Sewerage Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds");

(8) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of $1,100,000, numbered AR-1 (the "Series 2002 A Bonds"); and

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $3,600,000, numbered BR-1 (the "Series 2002 B Bonds").

[RESERVED]

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher

SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. November 21 2002

I hereby certify that the annexed Notice to residents of the City of Charles Town, WV and other persons interested

in the case of Issuance of revenue bonds for the City of Charles Town

has been published once a week for two successive weeks, in the Spirit of Jefferson Advocate, a newspaper published in Charles Town, Jefferson County, West Virginia, in the issues of November 21 and November 27, 2002

as required by law.

Editor/Manager, Spirit of Jefferson Advocate

State of West Virginia
County of Jefferson

Personally appeared before me, Edward W. Dockeney, Jr., Editor/Manager of the Spirit of Jefferson Advocate, and made oath that the above certificate is true and correct.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CARA D. YOUNG
JEFFERSON PUBLISHING CO., INC.
P. O. BOX 966
CHARLES TOWN, WV 25414
My Commission Expires January 27, 2009

Commission expires

Notary Public

NOTICE TO RESIDENTS
OF THE CITY OF CHARLES TOWN, WEST VIRGINIA
AND OTHER PERSONS INTERESTED
ISSUANCE OF REVENUE BONDS FOR
THE CITY OF CHARLES TOWN

NOTICE IS HEREBY GIVEN, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended that the CITY OF CHARLES TOWN, WEST VIRGINIA (the "City") contemplates the enactment of a bond authorizing ordinance to approve the issuance of its revenue bonds in the maximum aggregate principal amount of $1,000,000 (the "Bonds"), pursuant to Chapter 8, Article 20 of the West Virginia Code of 1931, as amended, to acquire a water distribution system constructed and owned by Huntfield L.C., located
serving th

Jeff
at

CITY OF CHARLES TOWN (WEST VIRGINIA)
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2003 A (AMT-Uninsured)

CERTIFICATE OF APPROVAL OF APPLICABLE ELECTED REPRESENTATIVE

The undersigned, J. RANDOLPH HILTON, Mayor of the City of Charles Town, West Virginia (the "Issuer"), hereby certifies as follows:

1. I am an official of the Issuer, elected directly by the people of the City of Charles Town, West Virginia.

2. For purposes of compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended ("Code") (and in particular Code Section 147(f)(2)(E)(i)(II)), I am the chief elected executive officer of the Issuer, the governmental entity which issued the above-referenced bonds (the "Bonds").

3. The Issuer has undertaken a plan of financing whereby it may issue its Bonds in the aggregate principal amount of not to exceed $1,000,000, the proceeds of which will be used to acquire a one mile water main that will connect the System to the Huntfield development water system (the "Project"). The Issuer published, not less than fourteen days prior to said hearing, in a newspaper published and of general circulation in the City of Charles Town, West Virginia, a notice of hearing concerning the issuance of the Bonds.

4. On December 16, 2002, the Issuer held a public hearing, at which interested persons were given an opportunity (both orally and in writing) to express their views for or against the issuance of the Bonds.

6. Pursuant to Section 147(f) of the Code, I hereby approve the issuance of up to $1,000,000 principal amount of the Bonds by the Issuer. This approval is solely for the purpose of complying with the provisions of the Code, and neither the Issuer nor any other political subdivision of the State of West Virginia assumes any direct or indirect financial responsibility for the payment of any Bonds.

Dated: January 15, 2003.

J. Randolph Hilson

Mayor, City of Charles Town

01/08/03
144220.00004

Form **8328**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Carryforward Election of Unused Private Activity Bond Volume Cap

(Under Section 146(f))

OMB No. 1545-0874

Enter the calendar year for which the election is made ▶ 2002

Part I Reporting Authority

Issuer's name: City of Charles Town

Issuer's employer identification number: 55 6000159

Number, street (or P.O. box if mail is not delivered to street address): Post Office Box 14

Room/suite:

Report number: 9 - 01

City or town, state, and ZIP code: Charles Town, West Virginia 25414

Part II Computation of Unused Volume Cap

1	Total volume cap of the issuer for the calendar year		1	1,000,000
2	Aggregate amount of private activity bonds issued to date that are taken into account under section 146 (see instructions)	2 -0-		
3	Total amount of volume cap exchanged for authority to issue mortgage credit certificates (see instructions)	3 -0-		
4	Total amount of volume cap allocated to private activity portion of governmental bonds (see instructions)	4 -0-		
5	Add lines 2 through 4		5	-0-
6	Unused volume cap (subtract line 5 from line 1)		6	1,000,000

Part III Purpose and Amount of Each Carryforward

7	Qualified student loan bonds	7	
8	Qualified mortgage bonds or mortgage credit certificates	8	
9	Qualified redevelopment bonds	9	
10	Exempt facility bonds:		
a	Mass commuting facilities (section 142(a)(3))	10a	
b	Water furnishing facilities (section 142(a)(4))	10b	1,000,000
c	Sewage facilities (section 142(a)(5))	10c	
d	Solid waste disposal facilities (section 142(a)(6))	10d	
e	Qualified residential rental projects (section 142(a)(7))	10e	
f	Facilities for the local furnishing of electric energy or gas (section 142(a)(8))	10f	
g	Local district heating or cooling facilities (section 142(a)(9))	10g	
h	Qualified hazardous waste facilities (section 142(a)(10))	10h	
i	25% of bonds for privately owned high-speed intercity rail facilities (section 142(a)(11))	10i	
j	Qualified enterprise zone facility bonds (section 1394)	10j	
11	Total carryforward amount (add lines 7 through 10j)	11	1,000,000

RECEIVED JAN 1 9 2003 OGDEN, UT

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Dave Fontalbert — Signature of authorized public official

1-13-03 — Date

David T. Fontalbert, Assoc. Director-WV Economic Dev. A — Type or print name and title.

For Paperwork Reduction Act Notice, see instructions on back.

Cat. No. 13900J

Form **8328** (Rev. 11-2000)

J. Randolph Hilton 1-13-03 J. Randolph Hilton, Mayor City of Charles Town

STATE OF WEST VIRGINIA
INDUSTRIAL DEVELOPMENT BONDS
CAP ALLOCATION FORM

Calendar Year 2002

Mail To:	Project Number:	Issuer:
West Virginia Economic Development Authority 1018 Kanawha Boulevard, Suite 501 Charleston, WV 25301	Date Approved: 12/02/02 Date Expires: 12/31/02 County: JEFFERSON	City of Charles Town

I. INFORMATION REGARDING PURPOSE OF THIS SUBMISSION

Check all of the boxes below which apply. Where required, also supply additional information.

A [X] Notification of Inducement. Date of Inducement: November 25, 2002

B 1. [X] Request for reservation of funds against the STATEWIDE CAP.

2. [X] Amount of funds requested for reservation: $1,000,000

3. Is this issue eligible for prior year carryforward of funds and do you so elect?

[X] No

[ ] Yes. If yes, you must attach certificate of election.

4. Has application for this project been made before? [X] No

C [X] Notification of Bond Closing and utilization of approved CAP reservation of funds

Total actual issue amount: $ 1,000,000

D [ ] Notification of termination of approved requested reservation of funds.

II. INFORMATION ABOUT THE PROPOSED BOND

If you checked any box in A, B, or C in Section I, also complete this section.

A Official name of f Bond Issue: Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 B

B Lessee/User of Project: Huntfield L.L. C. is the guarantor of the project.

C Standard Industrial Classification (SIC) Code and classification: 4941

D Location of Project: Jefferson County, West Virginia

E Use of Funds: Acquisition of waterworks distribution system

III. BOND CLOSING INFORMATION

If you checked box C in Section I, also complete this section.

A Amount of Total Financing: $ 1,000,000

B Bond Issue Date: January 15, 2003 Final Maturity: December 1, 2032

C Attach Documentation of Bond Structure, Including Maturity Dates and Rates.

D Bond Counsel: Steptoe & Johnson PLLC Contact Person: John C. Sturm, Esquire

E Bond Counsel Address: P.O. Box 1588, Charleston, WV 25326 Telephone: (304) 353-8196

F Underwriter: Crews & Associates, Inc. Contact Person: Gregory S. Isaacs

G Underwriter Address: P.O. Box 2764, Charleston, WV 25314 Telephone: (304) 344-1733

H Trustee:

I Registrar: United Bank, Inc.

J Paying Agent: West Virginia Municipal Bond Commission

IV. SUBMISSION CERTIFICATION

All requests for reservations of funds must be accompanied by the signature of the Clerk of the county in which the inducement resolution was passed.

This request for allocation of Industrial Development Bonding authority from the West Virginia statewide cap is made by passage of the attached Inducement Resolution on the 27th day of November, 2002 by

Jane E. Arnett
City Manager

V. INFORMATION ABOUT THE PROJECT

Anyone requesting reservation from the statewide cap must complete this section.

A List Three Major Suppliers for the Finished Project. (Company Name and Address)

Project is part of a water transmission system for the City of Charles Town.

B. List Three Major Customers for the Finished Project. (Company Name and Address)

Project provides water to residential and commercial customers in Jefferson County.

C Projected Number of Construction Period Jobs: N/A Projected Number of Permanent Jobs: N/A

D Projected Annual Payroll ($): N/A Projected Additional West Virginia Tax Revenues: None

VI. NARRATIVE ON OTHER KEY BENEFITS TO WEST VIRGINIA

Applicants for bond allocation may use this area to describe collateral benefits from the proposed project.

See Cover Letter.

VII. DISPOSITION OF REQUEST

This section is completed by the WV Industrial Development Bond Allocation Committee:

[X] The Application is Approved for Allocation from the Statewide Cap in the Amount of $ 1,000,000

[ ] The Application is Denied for Allocation for the Reason(s) Indicated Below

[ ] The Request Exceeds Available Statewide Cap

[ ] This Form is Incomplete or Completed in Error.

[ ] Other Reason(s) as Follows:

I certify under penalties of perjury that the approval of allocation of funds against the Statewide Cap referenced herein was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Executive Director
West Virginia Development Office

VIII. WEST VIRGINIA JOBS ACT CERTIFICATION

The "West Virginia Jobs Act" ("Act"), as found in West Virginia Code Article 1C, Chapter 21, requires that West Virginia residents should be given preference in hiring for construction projects that depend, in whole or in part, on state taxpayer funding. Employers are required to hire at least 75% of their employees from the local labor market (which includes all counties in WV and all counties bordering WV that falls within 75 miles of its borders). Please answer the following questions to determine if this project is required to conform to the "Act".

1. Does this project include the construction of a public improvement*?
   - X Yes Please continue to question #2.
   - ___ No This project is excluded from the "Act". Stop here and sign the form.

2. Are the construction costs $500,000 or less?
   - ___ Yes This project is excluded from the "Act". Stop here and sign the form.
   - X No Please continue to question #3.

3. Is the borrower a county or municipality?
   - X Yes This project is excluded from the "Act". Stop here and sign the form.
   - ___ No Please continue to question #4.

4. Will the project be initiated and managed by a local or county economic development authority?
   - ___ Yes This project is excluded from the "Act". Stop here and sign the form.
   - ___ No Please continue to question #5.

5. Is any funding for the construction of the public improvement derived from federal sources?
   - ___ Yes This project is excluded from the "Act". Stop here and sign the form.
   - ___ No Please continue to question #6.

6. Will a public authority** let the construction contract?
   - ___ Yes This project is covered under the "Act". Please contact WVEDA staff for a list of specific requirements.
   - ___ No This project is excluded from the "Act". Stop here and sign the form.

*Public Improvement includes the construction of all buildings, roads, highways, bridges, streets, alleys, sewers, ditches, sewage disposal plants, waterworks, airports and all other structures that may be let to contract by a public authority.

**Public Authority means any officer, board, commission or agency of the state of West Virginia, excluding counties and municipalities.

APPLICANT:

Signature of Authorized Company Representing Verifying Accuracy of Information:

Karen E. Arnett

Signature

11/27/02

Date