CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2009 A
(TAX-EXEMPT)

BOND TRANSCRIPT

Date of Closing: December 1, 2009

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11.12.09
144220.00023

CITY OF CHARLES TOWN
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2009 A

BOND ORDINANCE

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CITY OF CHARLES TOWN
(WEST VIRGINIA)

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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 Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding 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 Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of the City of Charles Town and other users of the System to currently refund its outstanding Series 1998 Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 1998 Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, in the original aggregate principal amount of not more than $8,000,000 (the "Series 2009 A Bonds"), such Series 2009 A Bonds to be secured by and payable from the Gross Revenues (as hereinafter defined) of the System; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the residents of the City that its Series 2009 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser.

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 Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2009 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" means the City of Charles Town Utility Board created by ordinance of the Issuer, or any successor thereto.

"Bond Commission" or "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" shall mean 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 any of the Prior Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bond Year" means 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 2009 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 or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2009 A Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2009 A BOND, attached 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, unless the context clearly indicates otherwise, includes the Governing Body and the Board of the Issuer and any other commission, board or department established by the Issuer to operate and maintain the System.

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

"City Clerk" or "Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2009 A 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 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 "Costs of the Project" 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 described in Section 1.03E.

"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.

"DTC-eligible" means, with respect to the Series 2009 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.

"Governing Body" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the City Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"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 Accountants" 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, 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.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2009 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2009 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2009 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2009 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" 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 2009 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding," when used with reference to 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 Bond at or prior to said date; (b) any

Bond or Prior Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this 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 respectively, 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, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission and any other paying agent for the 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 1998 Design Bonds, the Series 1998 Refunding Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2002 C Bonds, the Series 2003 A Bonds, the Series 2005 A Bonds, the Series 2006 A Bonds, and the Series 2006 B Bonds as more fully defined in Section 1.03H hereof.

"Prior Ordinances" means, collectively, the ordinances of the Issuer, 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.

"Purchase Price," for the purpose of computation of the Yield of the Series 2009 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 2009 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 2009 A Bonds are privately placed, the price paid by the first buyer of the Series 2009 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 2009 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 2009 A Bonds.

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

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2009 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"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 the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2009 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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued by Section 4.02 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2009 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the respective Reserve Accounts for the Series 2009 A Bonds and the Prior Bonds.

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

"Series 2007 A Notes" means the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000.

"Series 2009 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2009 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2009 A Bonds Redemption Account" means the Series 2009 A Bonds Redemption Account established in the Series 2009 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established in the Series 2009 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2009 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2009 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2009 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2009 A Bonds.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2009 A Bonds and the Prior Bonds.

"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 to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2009 A Bonds and authorizing the sale of the Series 2009 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.

"Surplus Revenues" means the Gross Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the funds and accounts established for the Prior Bonds or the Series 2009 A Bonds.

"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 Series 2009 A 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 now owns and operates, through the Board, a municipal combined water and sewerage System, the construction, extension and improvement of which it has financed or refinanced pursuant to the issuance of the Prior Bonds.

C. The Issuer has determined that present value debt service savings will result from the current refunding of its Outstanding Series 1998 Refunding Bonds, and that it is in the best interest of the residents of the Issuer and other users of the System to currently refund such Series 1998 Refunding Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, in the original aggregate principal amount of not more than $8,000,000, in order to repay in full the remaining principal balance of and all accrued interest on the Issuer 's Series 1998 Refunding Bonds. The proceeds of the Series 2009 A Bonds may also be applied to funding the Series 2009 A Bonds Reserve Account and the payment of underwriter's discount; legal expenses; expenses for estimates of costs and revenues; 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 registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; 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

2009 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

E. It is in the best interest of the Issuer that the Series 2009 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a Bond Purchase Agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by the Supplemental Resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 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");

(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");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(14) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

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, the Series 2002 C Bonds, the Series 2003 A Bonds, the Series 2005 A Bonds, the Series 2006 A Bonds, and the Series 2006 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 2009 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 2009 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 Registered Owners of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with such Prior Bonds if required by the Prior Ordinances.

Other than the Prior Bonds and the Series 2007 A Notes, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds and the Series 2007 A Notes. Except for such pledge thereof to secure and pay the Prior Bonds and the Series 2007 A Notes, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2009 A Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2009 A Bonds, the Series 2009 A Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Prior Bonds, and senior as to liens, pledge, source of and security for payment to the Series 2007 A Notes.

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 repair, maintenance and operation of the System, the payment of interest on the Series 2009 A Bonds, the Series 2007 A Notes and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2009 A Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefore, 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 2009 A Bonds, and secure the Series 2009 A Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2009 A Bonds Reserve Account, unexpended proceeds of the Series 2009 A Bonds and as further set forth herein.

J. The Series 2009 A 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 2009 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.

K. All things necessary to make the Series 2009 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 2009 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2009 A Bonds, 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.

M. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2009 A Bonds and the refunding of the Series 1998 Refunding 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 West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2009 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 2009 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 Registered Owners 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 Registered Owners of any and all of such Series 2009 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2009 A Bond and any other Series 2009 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1998 Refunding Bonds Outstanding as of the date of issuance of the Series 2009 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Gross Revenues in favor of the Registered Owners of the Series 1998 Refunding Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 1998 Refunding Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 1998 Refunding Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 1998 Refunding Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 1998 Refunding Bonds. Contemporaneously with the payment in full of the Series 1998 Refunding Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 1998 Refunding Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 1998 Refunding Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2009 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2009 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2009 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2009 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2009 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 2009 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 2009 A Bonds shall be in default, Series 2009 A Bonds issued in exchange for Series 2009 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 2009 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2009 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 2009 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner 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 2009 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 2009 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 Registered Owner thereof, another Series 2009 A Bond in the principal amount of said Series 2009 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2009 A Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the 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 2009 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 2009 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, 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. No Series 2009 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 Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2009 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2009 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2009 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2009 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 2009 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2009 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 Registered Owner, in accepting any of said Series 2009 A Bonds, shall be conclusively deemed to have agreed that such Series 2009 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 shall further be conclusively deemed to have agreed that said Series 2009 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2009 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2009 A Bonds. The Series 2009 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 2009 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 2009 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 2009 A Bond is exercised, Series 2009 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2009 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2009 A Bonds, the initial exchange of Series 2009 A Bonds and exchanges of such 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 2009 A Bonds, the Registrar

may impose a service charge. For every such transfer or exchange of such 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 2009 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 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 so destroyed, stolen or lost, and upon the Registered Owner 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 Registered Owner listed in the Bond Register shall constitute proof of ownership. All 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 thereof.

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. In the event Term Bonds are issued as part of the Series 2009 A Bonds issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2009 A Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th 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.

B. 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.

C. 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.

D. 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 moneys in the Series 2009 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.

E. 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 Sinking Fund), as will exhaust as nearly as practicable such Series 2009 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) 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 Registered Owner 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 applicable Bond Insurer, if any, the Original Purchaser, and the Registered Owner of the Series 2009 A Bond or Bonds, as applicable, 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 Series 2009 A 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 Series 2009 A Bonds or portions of such Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Series 2009 A Bonds or portions of such 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 2009 A Bonds or portions of such Bonds shall cease to bear interest. Upon surrender of such 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. All 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 2009 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 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 therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefore to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 1998 Refunding Bonds, funding the Series 2009 A Bonds Reserve Account and paying costs of issuance of the Series 2009 A Bonds and related costs, there shall be issued the Series 2009 A Bonds of the Issuer, in an aggregate principal amount of not more than $8,000,000. The Series 2009 A Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2009 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2009 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2009 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates 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. Book Entry System for Series 2009 A Bonds. The Series 2009 A Bonds (if purchased by the Original Purchaser) shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2009 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2009 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate 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."

With respect to Series 2009 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2009 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2009 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2009 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2009 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2009 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2009 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2009 A Bonds shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2009 A Bonds shall designate, in accordance with the provisions of this Ordinance. The

provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depository performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2009 A Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2009 A Bonds. The Issuer shall execute and deliver the Series 2009 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2009 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 2009 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 2009 A Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion of Bond Counsel regarding the Series 2009 A Bonds; and

(5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2009 A Bonds. The definitive Series 2009 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2009 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 2009 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2009 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 3.14. Disposition of Proceeds of Series 2009 A Bonds. Upon the issuance and delivery of the Series 2009 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2009 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2009 A Bonds Sinking Fund and applied to payment of interest on the Series 2009 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2009 A 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 2009 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2009 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 1998 Refunding Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 1998 Refunding Bonds in full.

4. An amount of Series 2009 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2009 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2009 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 2009 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2009 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2009 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 2009 A Bonds from which such proceeds are derived.

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 (or continued if previously established by the Prior Ordinances), 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 and used solely for the purposes provided herein:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances);

(3) Series 2009 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 2009 A Bonds Sinking Fund;

(a) Within the Series 2009 A Bonds Sinking Fund:

(i) Series 2009 A Bonds Reserve Account; and

(ii) Series 2009 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2009 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, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior

Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds, if any; and (ii) commencing 7 months prior to the first interest payment date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 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 2009 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 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 Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund and in the Series 2009 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2009 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2009 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 7 months if the Series 2009 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 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 2009 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2009 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2009 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2009 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2009 A Bonds when the funds on deposit in the Series 2009 A Bonds Sinking Funk are insufficient therefore, and for no other purpose. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2009 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2009 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2009 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2009 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2009 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2009 A Bonds, if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 A 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 2009 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2009 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2009 A Bonds Reserve Account below the Series 2009 A

Bonds Reserve Requirement or any withdrawal from the Series 2009 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2009 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2009 A Bonds Reserve Account is less than the Series 2009 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2009 A Bonds Reserve Account for deposit into the Series 2009 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2009 A Bonds Reserve Account to an amount equal to the Series 2009 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2009 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2009 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 2009 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2009 A Bonds Reserve Requirement.

Amounts in the Series 2009 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2009 A Bonds when due, when amounts in the Series 2009 A Bonds Sinking Fund are insufficient therefore and for no other purpose.

(4) The Issuer shall next, each month, pay from the Revenue Fund the 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) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on the Series 2007 A Notes or any other subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund 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 Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the 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. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

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

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2009 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE REBATES AND CONTINUING DISCLOSURE CERTIFICATE

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 moneys 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 moneys 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 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 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:

(A) Qualified Investments acquired for the Renewal and Replacement Fund or any 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 each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable 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 a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, 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 applicable Sinking Fund and otherwise in accordance with Section 4.03(3).

(D) All amounts representing accrued interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds 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 any Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 2009 A Bonds in such manner and to such extent as may be necessary, so that such Series 2009 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 a Federal information return with respect to such Bonds) so that the interest on the Series 2009 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, Rebates, and Rebate Fund. 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 any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2009 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.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board 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, 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 in the time and at 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 therefore. 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 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 Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure 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.

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 2009 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 2009 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 2009 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2009 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2009 A Bonds, all as herein provided. No Holder or Holders of the Series 2009 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 A Bonds or the interest thereon.

Section 6.03. Series 2009 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2009 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, which lien and pledge are senior and prior to the lien in favor of Holders of the Series 2007 A Notes. The payment of the debt service on the Series 2009 A Bonds shall also be secured by the moneys in the Series 2009 A Bonds Sinking Fund, including the Series 2009 A Bonds Reserve Account therein. 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 2009 A Bonds herein authorized, and to make the payments into the Series 2009 A Bonds Sinking Fund, all moneys and securities in the Series 2009 A Bonds Sinking Fund, including the Series 2009 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 2009 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2009 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts

created hereunder. 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 hereby covenants and agrees that the schedule or schedules 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 Annual Debt Service on the Series 2009 A Bonds, and all obligations issued on a parity with the Series 2009 A Bonds, including the Prior Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

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. Operation and Maintenance. 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 and the Series 2007 A Notes are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2009 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 fully pay all the Bonds and Series 2007 A Notes Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances. 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 respective Sinking Funds, 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 not 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 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 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 2009 A Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional 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 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 2009 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009 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 and requirements 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 the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, or refunding the Prior Bonds or the Series 2007 A Notes, 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 Clerk of the Issuer a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in 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 completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds then Outstanding;

(2) The Series 2009 A Bonds then Outstanding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(4) The additional parity Bonds then proposed to be issued.

Notwithstanding the foregoing, the Issuer shall be permitted to issue bonds which refund any Outstanding Series 2009 A Bonds, any additional parity Bonds hereafter issued or any Prior Bonds if, prior to the issuance of such refunding bonds, the Issuer shall have filed with the Clerk: (i) a verification report of the Independent Accountants concluding that present value debt service savings shall be realized by the Issuer as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the Independent Accountants reciting the conclusion that the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds Outstanding after such refunding;

(2) The Series 2009 A Bonds Outstanding after such refunding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding; and

(4) The additional parity refunding 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 parity Bonds 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.

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 Accountants, 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 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 2009 A 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 2009 A Bonds, 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.

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 Surplus Revenues, on a parity with the Series 2007 A Notes. 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 2009 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, if any (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.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2009 A Bonds remain Outstanding, the Issuer 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 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 time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence 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 from claims arising out of operation or ownership of motor vehicles of or for the System.

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 Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed 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. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer or 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. 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 therefore.

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 6.11. No Free Services. 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 Issuer and any such department, agency, instrumentality, officer or employee. 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 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 6.12. 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 20 days after the same shall become due and payable, 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 charges, if not paid, shall become a lien on the premises served by the System. The Issuer and the Board further covenants and agree that they 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 to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.13. 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 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or 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 Issuer 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 Issuer. 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 Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Holder of Bonds requesting the same, an annual report within 120 days following the end of each Fiscal Year 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 shall also file with the Original Purchaser and any Bond Insurer, and mail to any Holder of Bonds 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.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter or the charter of the Board, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer 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 all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Section 6.16. 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 2009 A 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 such Series 2009 A Bonds during the term thereof is, under the terms of such 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 2009 A 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 2009 A Bonds during the terms thereof is, under the terms of such Series 2009 A 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 2009 A 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 2009 A 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2009 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

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 2009 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 2009 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 2009 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 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 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 2009 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, and senior and prior to any statutory mortgage lien in favor of the Holders of the Series 2007 A Notes.

Section 6.18. Designation of Series 2009 A Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2009 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2009 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $30,000,000 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 2009 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2009, all as determined in accordance with the Code.

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 2009 A Bonds:

(A) If default by the Issuer 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 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 Registered Owner of any Bond;

(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; or

(D) If the Issuer defaults on the Prior Bonds, the Series 2007 A Notes or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner of any Bond 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 Registered Owners, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Bonds or Series 2007 A Notes;

(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 Registered Owners of the Bonds and the Series 2007 A Notes; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Registered Owners of the Bonds and the Series 2007 A Notes.

No remedy by the terms of this Ordinance conferred upon or reserved to the Registered Owners 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 Registered Owners 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 Registered Owners 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 Registered Owner 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 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 2009 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, 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 Registered Owner 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 Registered Owners of the 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 Registered Owners of the Bonds, 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.

Section 7.04. Restoration of Issuer and Registered Owners. In case any Registered Owner 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 Registered Owners shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owners shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2009 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2009 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries 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 2009 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2009 A Bonds. The Fiduciaries 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 Fiduciaries May Act. Except as otherwise provided by Section 10.02, the Fiduciaries shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. Whenever any Fiduciary 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 such Fiduciary may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2009 A Bonds, the first exchange of Series 2009 A Bonds and the exchange of Series 2009 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2009 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 Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Series 2009 A Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2009 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 Registered Owner in the event all Series 2009 A 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.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Registered Owners of a majority in principal amount of the Series 2009 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Registered Owners 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.

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 Registered Owners of a majority in principal amount of the Series 2009 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Registered Owners 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 Registered Owners. The Issuer shall publish in an Authorized Newspaper (or mail to each Registered Owner in the event all Series 2009 A 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 Registered Owners. 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 Registered Owner 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 moneys, books and records held by it and relating to the Series 2009 A Bonds 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 2009 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 Series 2009 A Bonds so authenticated, and, in case any Series 2009 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2009 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. 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 2009 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 moneys available therefore.

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 Registered Owners 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 moneys 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 Registered Owners of all Series 2009 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, then this Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2009 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, 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 first paragraph of this section. All Series 2009 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 moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, 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 Series 2009 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2009 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys 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 Series 2009 A 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. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2009 A Bonds, provided that, in the event any of the Series 2009 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2009 A Bonds or the rights of the applicable Bond Insurer for such Series 2009 A Bonds may be effected 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 Registered Owners of 60% in aggregate principal amount of the Series 2009 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 Series 2009 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2009 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2009 A Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners 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 Registered Owner 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 Holder 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 2009 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2009 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Registered Owner of any Bond shall bind all future Registered 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 Registered Owner, 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 Series 2009 A Bonds. All Series 2009 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 Series 2009 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2009 A Bonds shall be issued in lieu thereof. All such Series 2009 A 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 Series 2009 A Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2009 A Bonds which remain unclaimed for 1 year after the date on which such Series 2009 A 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 Registered Owners of such Series 2009 A Bonds shall look only to the Issuer for the payment of such Series 2009 A 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 Registered Owner, at the address listed on the Bond Register, by certified mail, a notice that such moneys 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 moneys then unclaimed will be returned to the Issuer. If any of said Series 2009 A Bonds is a coupon Bond the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

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, or the Original Purchaser 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
P. O. Box 14
Charles Town, West Virginia 25414
Attention: City Manager

REGISTRAR AND PAYING AGENT:

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK:

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASERS:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

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 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 Series 2009 A 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 2009 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 Registered Owners of the Series 2009 A Bonds 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 Registered Owners of the Series 2009 A Bonds 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, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, City Manager, City Clerk and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. 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 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 Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on July 6, 2009, at 7:00 p.m., 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.

First Reading: May 18, 2009

Second Reading: June 15, 2009

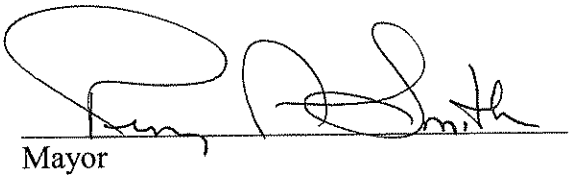
Passed on Final Reading
Following Public
Hearing: July 6, 2009

Section 10.15. Effective Date. This Ordinance shall take effect immediately upon enactment.

[Remainder of Page Intentionally Left Blank]

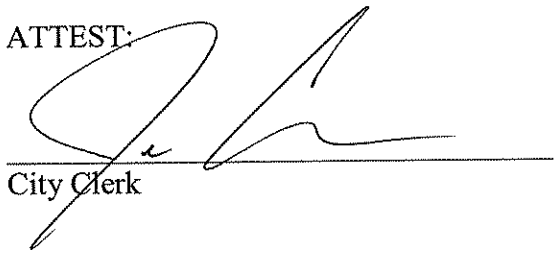
Enacted this 6th day of July, 2009.

[SEAL]



Mayor

ATTEST:



City Clerk

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of the CITY OF CHARLES TOWN at a regular meeting of the Council held at 7:30 p.m., on July 6, 2009, 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 published and 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 1st day of December, 2009.

[SEAL]

City Clerk

EXHIBIT A - SERIES 2009 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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, 20____ (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 _____, _____, 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 City maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on _____, 2009, and supplemented by supplemental resolutions adopted by said Council on _____, 2009, and _____, 2009 (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 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 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 Bonds of this issue 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 or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the Issuer 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
_____ to _____	$_____
_____ to _____	$_____
_____ to _____	$_____

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ 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

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

_____

* Final Maturity

If less than all the Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(14) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the 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 Bond is one of the fully registered 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 Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

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.

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY OF CHARLES TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; APPOINTING A REGISTRAR AND PAYING AGENT FOR SUCH BONDS; 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 and political subdivision of said State, the governing body of which is its Council (the "Governing Body");

WHEREAS, the Governing Body has duly and officially enacted on July 6, 2009, an Ordinance (the "Ordinance") entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND

DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance by the Issuer of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) in an aggregate principal amount not to exceed $8,000,000 (the "Series 2009 A Bonds" or "Bonds") in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Issuer is advised that current market conditions are such that interest savings would be realized from the current refunding of its outstanding 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 Bonds") and the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 1998 Bonds pursuant to the issuance of its Series 2009 A Bonds;

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Bonds should be established by Supplemental Resolution or by a Certificate of Determinations, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Bonds be provided for by a Supplemental Resolution of the Governing Body or pursuant to a Certificate of Determinations, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Bonds are proposed to be purchased by Crews & Associates, Inc., Charleston, West Virginia (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that, in order to obtain the best possible savings for the City in the current interest rate environment, the Mayor shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Mayor shall determine most advantageous to the Issuer, or not at all; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the "Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Bonds, hereinafter described, be approved, that the Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Governing Body, and that other matters relating to the Bonds be herein provided for all in accordance with the Ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHARLES TOWN:

SECTION 1. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer's outstanding Series 1998 Bonds, (ii) funding a debt service reserve account for the Series 2009 A Bonds, and (iii) paying costs of issuance of the Series 2009 A Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2009 A Bonds in an aggregate principal amount not to exceed $8,000,000, provided that the Net Present Value of the savings of such refunding shall not be less than 2%.

SECTION 2. Pursuant to the Ordinance and the Act, this Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2009 A Bonds. The Series 2009 A Bonds shall be issued in the aggregate principal amount not to exceed $8,000,000, bear interest at a rate not to exceed 7%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2009, shall mature on December 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than December 1, 2030) shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor and City Manager pursuant to the execution and delivery by the Mayor and City Manager of a Certificate of Determinations with respect to the Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT A and approved hereby (the "Certificate of Determinations"); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2009 A Bonds shall be as determined by the Mayor and the City Manager at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor and the City Manager in the Certificate of Determinations. All other provisions relating to the Series 2009 A Bonds shall be as provided in the Ordinance.

SECTION 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the

Mayor and City Manager of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the City Manager thereof shall be and the same are hereby authorized, approved, and directed. The City Manager shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the City Manager. The execution of the Bond Purchase Agreement by the City Manager shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Bonds, including the payment of all necessary fees and expenses in connection therewith.

SECTION 4. Proceeds of the Bonds shall be expended solely for the purposes set forth in the Ordinance.

SECTION 5. The Issuer is advised and hereby finds that based upon the assumed principal amount, maturity schedule and interest rates for the Series 2009 A Bonds presented to the Issuer by the Original Purchaser, the Series 2009 A Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 1998 Bonds and the costs of issuing the Series 2009 A Bonds.

SECTION 6. The Tax and Non-Arbitrage Certificate, to be dated the date of execution and delivery of the Bonds (the "Tax Certificate"), and executed and delivered by the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the Mayor and City Manager of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the City Manager thereof shall be and the same are hereby authorized, approved and directed. The City Manager shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the City Manager. The execution of the Tax Certificate by the City Manager shall be conclusive evidence of any approval required by this Section.

SECTION 7. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Bonds (the "Disclosure Agreement"), by and between the Issuer and the Dissemination Agent named therein, substantially in the form to be approved pursuant to the execution and delivery by the Mayor and City Manager of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the City Manager thereof shall be and the same are hereby authorized, approved and directed. The City Manager shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the City Manager. The execution of the Disclosure Agreement by the City Manager shall be conclusive evidence of any approval required by this Section.

SECTION 8. The distribution by the Original Purchaser of a Preliminary Official Statement (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 certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the City Manager is hereby approved. The Official Statement to be substantially in the form of the Preliminary Official Statement, (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the City Manager) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved.

The City Manager shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved. The execution of the Official Statement by the City Manager shall be conclusive evidence of any approval required by this Section.

SECTION 9. The Registrar Agreement by and between the Issuer and the Registrar designated herein, substantially in the form to be approved pursuant to the execution and delivery by the Mayor and City Manager of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the City Manager thereof shall be and the same are hereby authorized, approved and directed. The City Manager shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the City Manager. The execution of the Registrar Agreement by the City Manager shall be conclusive evidence of any approval required by this Section.

SECTION 10. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Bonds.

SECTION 11. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2009 A Bonds.

SECTION 12. The Issuer hereby appoints and designates United Bank, Inc., Charles Town, West Virginia, as the Depository Bank for the Bonds.

SECTION 13. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar.

SECTION 14. The City Manager, Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, required or desirable in connection with the Bonds to the end that the Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 15. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

DEPOSITORY BANK

United Bank, Inc.
106 W. Washington Street
Charles Town, West Virginia 25414
ATTN: Branch Manager

PAYING AGENT

West Virginia Municipal Bond Commission
#8 Capitol Street, Suite 500
Charleston, West Virginia 25301
Attention: Executive Director

REGISTRAR

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

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301-1631

SECTION 16. The issuance of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

SECTION 17. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2009 A Bonds or any other 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 Series 2009 A Bonds, Prior Bonds or Series 2007 A Notes to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor and/or City Manager of the Issuer is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Issuer's compliance with this covenant.

SECTION 18. The Mayor, City Manager and City Clerk, and all other appropriate officers and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Series 2009 A Bonds to be duly and properly issued by the Issuer and delivered to the Original Purchaser as herein authorized and to otherwise facilitate the transaction contemplated by this Supplemental Parameters Resolution, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required.

SECTION 19. This Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted this 20th day of July, 2009.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

[SEAL]

By: _____
Its: City Manager

Attest:

_____
City Clerk

CERTIFICATION

Certified a true copy of a Supplemental Parameters Resolution duly adopted by the Council of the CITY OF CHARLES TOWN on July 20, 2009, which Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this 1st day of December, 2009.

By: _____
City Clerk

7.15.09
144220.00023

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, _____, City Manager, and the undersigned _____, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on _____, 2009 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"), hereby finds and determines as follows:

1. The Series 2009 A Bonds shall be dated _____, 2009 shall bear interest on June 1 and December 1 of each year commencing _____, 2009.

2. The Series 2009 A Bonds shall be issued in the aggregate principal amount of $_____. The interest rates on the Series 2009 A Bonds do not exceed 7%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The Net Present Value of the savings realized from such refunding is not less than 2%.

3. The Series 2009 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2009 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2009 A Bonds shall [not] be subject to [optional and/or mandatory] redemption [as set forth on Schedule 2 attached hereto and incorporated herein.]

6. The Series 2009 A Bonds shall be sold to Crews & Associates, Inc. (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount[premium] of $_____), plus

interest accrued in the amount of $_____ on the Series 2009 A Bonds from _____ 1, 2009 to _____, 2009 (the "Closing Date").

7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Official Statement, the Rule 15c2-12 Certificate and the Registrar Agreement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2009 A Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2009 A Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this _____ day of _____, 2009.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

615.09
144220.00023

SCHEDULE 1

SERIES 2009 A BOND TERMS

Bond No.	Maturity Date (December 1)	Principal Amount (thousands)	Interest Rate	Price or Yield
AR-1	2009	$ ___	__.___%	__.___%
AR-2	2010	___	__.___%	__.___%
AR-3	2011	___	__.___%	__.___%
AR-4	2012	___	__.___%	__.___%
AR-5	2013	___	__.___%	__.___%
AR-6	2014	___	__.___%	__.___%
AR-7	2015	___	__.___%	__.___%
AR-8	2016	___	__.___%	__.___%
AR-9	2017	___	__.___%	__.___%
AR-10	2018	___	__.___%	__.___%
AR-11	2019	___	__.___%	__.___%
AR-12	2020	___	__.___%	__.___%
AR-13	2021	___	__.___%	__.___%
AR-14	2022	___	__.___%	__.___%
AR-15	2023	___	__.___%	__.___%
AR-16	2024	___	__.___%	__.___%
AR-17	2025	___	__.___%	__.___%
AR-18	2026	___	__.___%	__.___%
AR-19	2027	___	__.___%	__.___%
AR-20	2028	___	__.___%	__.___%

SCHEDULE 2

SERIES 2009 A BONDS REDEMPTION PROVISIONS:

[to be inserted after pricing]

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

Dated: December 1, 2009

Delivery Date: December 1, 2009

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned are the Mayor and City Manager of the City of Charles Town, West Virginia (the *"City"*).

This Tax and Non-Arbitrage Certificate (the *"Tax and Non-Arbitrage Certificate"*) is executed as of December 1, 2009 for the purpose of establishing the reasonable expectations of the City as to future events regarding the $7,120,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) (the *"Refunding Bonds"*) and the use of the proceeds of the Refunding Bonds. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. The Refunding Bonds are authorized to be executed and delivered by the Mayor and City Manager of the City pursuant to an Ordinance enacted by the Council of the City on July 6, 2009, as supplemented by a resolution adopted by the Council of the City on July 20, 2009 (collectively, the *"Ordinance"*).

This Tax and Non-Arbitrage Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Refunding Bonds in order that the interest received by the owners of the Refunding Bonds will be excluded from gross income for federal income tax purposes.

NOW, THEREFORE, the City hereby certifies, covenants, represents and agrees as follows:

ARTICLE I

GENERAL

Section 1.1 Authorization. The Refunding Bonds are being executed and delivered by the Mayor and City Manager pursuant to the Ordinance and such execution and delivery was authorized by the Ordinance.

Section 1.2 Definitions. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Ordinance or, if not defined in

the Ordinance, in Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the *"Code"*), and related Treasury Regulations.

Section 1.3 Purpose of the Refunding Bonds. The Refunding Bonds are being executed and delivered for and on behalf of the City for the following purposes:

(i) to refund within 90 days of the issue date of the Refunding Bonds, all of the City's outstanding Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 (the *"Bonds to be Refunded"*);

(ii) to fund a debt service reserve account for the Refunding Bonds; and

(iii) to pay the costs of issuing the Refunding Bonds.

Section 1.4 Reliance on Other Parties. The expectations of the City concerning certain uses of the proceeds of the Refunding Bonds and other matters are based in whole or in part on representations and certifications of other parties set forth in this Tax and Non-Arbitrage Certificate and accompanying certificates. The City is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation or certification made in this Tax and Non-Arbitrage Certificate and accompanying certificates.

Section 1.5 Private Activity Bond Representations. For purposes of determining whether the Refunding Bonds are private activity bonds, the City makes the following representations. For this purpose, the proceeds of the Refunding Bonds used for refunding purposes are treated in the same manner as the Bonds to be Refunded.

(i) Not more than five percent (5%) of the proceeds of the Refunding Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(ii) Not more than ten percent (10%) of the payment of principal of or interest on the Refunding Bonds will be, directly or indirectly, (A) secured by any interest in (1) property used or to be used for a private business use by any person other than a state or local governmental unit, or (2) payments in respect of such property, or (B) derived from payments (whether or not to the City), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(iii) Not more than ten percent (10%) of the proceeds of the Refunding Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iv) No user of the facilities that were financed with the Bonds to be Refunded other than a state or local governmental unit will use more than ten percent (10%) of such facilities on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of more than ten percent (10%) of

such facilities as a result of (A) ownership, (B) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (C) any other similar arrangement.

Section 1.6 Single Issue for Certain Tax Purposes. No obligations are (i) being sold at substantially the same time (i.e., within fifteen (15) days) as the Refunding Bonds, (ii) being sold pursuant to the same plan of financing as the Refunding Bonds, and (iii) reasonably expected to be paid from substantially the same source of funds as the Refunding Bonds, determined without regard to guarantees from unrelated parties.

Section 1.7 Refunding Bonds not Hedge Bonds. The City reasonably expected at the time the Bonds to be Refunded were issued, to spend at least eighty-five percent (85%) of the spendable proceeds of such issue to carry out the governmental purposes for which such issue was being issued within three (3) years of the date such issue was issued. Not more than fifty percent (50%) of the Bonds to be Refunded have been or are expected to be, invested in investments having a substantially guaranteed yield for four (4) years or more.

Section 1.8 Qualified Tax-Exempt Obligations. The City has designated the Refunding Bonds as "qualified tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Code and as determined in accordance with Section 265(b)(3) of the Code, and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Refunding Bonds, have been or shall be issued by the City during the calendar year 2009, all as determined in accordance with the Code. None of the Refunding Bonds are part of a direct or indirect composite issue.

ARTICLE II

ARBITRAGE

Section 2.1 Reasonable Expectations. This Article II states the reasonable expectations, statements of facts and estimates of the City with respect to the amount and use of the proceeds of the Refunding Bonds and certain other funds. On the basis of the following, it is not expected that the Refunding Bonds will be *"arbitrage bonds"* within the meaning of Section 148 of the Code.

Section 2.2 Sale Proceeds.

(a) Sources of Proceeds. Sale proceeds of the Refunding Bonds, net of accrued interest, are as follows:

Par Amount	$7,120,000
Less Original Issue Discount	($35,443.40)
Sale Proceeds	$7,084,556.60

(b) Uses of Proceeds. The sale proceeds of the Refunding Bonds, minus underwriters' discount ($124,600), together with funds currently on deposit with the paying agent for the Bonds to be Refunded in the Series 1998 Bonds Debt Service Reserve Fund in the amount of $794,426 and in the Series 1998 Bonds Sinking Fund in the amount of $112,137.92 are expected to be needed and fully expended as follows:

(i) An amount of $63,990.99 will be deposited in the Series 2009 A Bonds Costs of Issuance Fund established under the Ordinance and used to pay the costs of issuance of the Refunding Bonds;

(ii) An amount of $1,956.59 will be transferred to the paying agent for the Series 1998 Bonds on the Closing Date and applied to the payment of the fees and expenses of such paying agent then due and owing with respect to the Bonds to be Refunded;

(iii) Refunding Bond proceeds in the amount of $6,236,966.52 will be deposited on the Closing Date with the paying agent for the Bonds to be Refunded and, together with funds currently on deposit with the paying agent for the Bonds to be Refunded in the Series 1998 Bonds Debt Service Reserve Fund in the amount of $794,426 and in the Series 1998 Bonds Sinking Fund in the amount of $112,137.92, shall be transferred on or before January 1, 2010 to the registrar for the Bonds to be Refunded to be applied by the registrar on January 4, 2010 to the payment of the principal of, redemption premium and interest on the Bonds to be Refunded; and

(iv) An amount of $657,042.50 will be deposited into the Series 2009 A Bonds Debt Service Reserve Fund established under the Ordinance for the Refunding Bonds.

Section 2.3 No Overissuance. The total proceeds to be received from the sale of the Refunding Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the Refunding Bonds are issued as described above.

Section 2.4 Investment of Proceeds. No portion of the Refunding Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Refunding Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Refunding Bonds.

Section 2.5 Funds and Accounts.

(a) General. The following funds and accounts are created and established or continued under the Ordinance:

(i) Revenue Fund;

(ii) Renewal and Replacement Fund;

(iii) Series 2009 A Bonds Costs of Issuance Fund;

(iv) Rebate Fund;

(v) Series 2009 A Bonds Sinking Fund; and

(vi) Within the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account (the "Debt Service Reserve Fund"); and the Series 2009 A Bonds Redemption Account

The City certifies that the following subsections accurately reflect various matters relating to these funds and accounts.

(b) Revenue Fund. All monies received from time to time by the City or the City of Charles Town Utility Board (the "Board") from the operation of the combined waterworks and sewerage system of the City are deposited into the Revenue Fund. From the Revenue Fund such monies are disbursed pursuant to Section 4.03A of the Ordinance. At no time were any proceeds of the Bonds to be Refunded on deposit in the Revenue Fund and no proceeds of the Refunding Bonds shall be deposited in the Revenue Fund.

(c) Renewal and Replacement Fund. A Renewal and Replacement Fund is created under the Ordinance, to be funded through monthly deposits of Gross Revenues. Absent an Event of Default on the Refunding Bonds, and depletion in full of the Series 2009 A Bonds Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying debt service on the Refunding Bonds. The City 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 or improvements of the System. In the event the City 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 Refunding Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

(d) Series 2009 A Bonds Costs of Issuance Fund. As described in Section 2.2(b)(ii) hereof, a Series 2009 A Bonds Costs of Issuance Fund is created under the Ordinance to be funded from proceeds of the Refunding Bonds in the amount of $65,000, to pay costs of issuance of the Refunding Bonds. Proceeds of the Refunding Bonds deposited in the Costs of Issuance Fund generally may be invested at an unrestricted yield for a period of thirteen (13) months from the date hereof, and, thereafter, at a yield not materially higher than the yield on the Refunding Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (.001%).

(e) Rebate Fund. The City has covenanted not to use moneys of any fund or account in connection with the Refunding Bonds in a manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. To that end, the Rebate Fund is continued under the Ordinance and will be funded to the extent required either from transfers from the other funds or accounts or from the City's general funds. The Paying Agent shall deposit into the Rebate Fund any payments received in accordance with this Tax and Non-Arbitrage Certificate for purposes of paying rebate to the United States Treasury Department and

so identified. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and the Treasury Regulations promulgated thereunder. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Refunding Bonds.

(f) Series 2009 A Bonds Sinking Fund. The Series 2009 A Bonds Sinking Fund will be used primarily to achieve a proper matching of revenues and debt service within each bond year. To the extent the Series 2009 A Bonds Sinking Fund will be used to pay debt service on the Refunding Bonds, it is expected to be depleted at least once each bond year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on investment of the moneys in these accounts for the immediately preceding bond year, or (ii) one-twelfth (1/12th) of the debt service on the Refunding Bonds for the immediately preceding bond year. Amounts deposited in the Series 2009 A Bonds Sinking Fund will be expended to pay debt service on the Refunding Bonds within thirteen (13) months from the date of deposit therein pursuant to the Ordinance. The Series 2009 A Bonds Sinking Fund is expected to constitute a *"bona fide debt service fund"* within the meaning of the Treasury Regulations.

Amounts deposited into the Series 2009 A Bonds Sinking Fund for the purpose of paying current debt service on the Refunding Bonds may be invested at an unrestricted yield for a period not exceeding thirteen (13) months from the date of the first deposit of such amounts to such fund and, thereafter, at a yield not materially higher than the yield on the Refunding Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (.001%). As long as the Series 2009 A Bonds Sinking Fund qualifies as bona fide debt service funds, amounts therein will not be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

(g) Series 2009 A Bonds Debt Service Reserve Fund. As described in Section 2.2(b)(iii) hereof, $657,042.50 of the proceeds of the Refunding Bonds will be deposited in the Series 2009 A Bonds Debt Service Reserve Fund to secure the Refunding Bonds. The Underwriter has certified, in Exhibit A attached hereto, that the establishment and maintenance of the Series 2009 A Bonds Debt Service Reserve Fund is a vital factor in the marketing of the Refunding Bonds. The Series 2009 A Bonds Debt Service Reserve Fund does not exceed the lesser of (i) 10% of the proceeds of the Refunding Bonds, (ii) 125% of average annual debt service on the Refunding Bonds or (iii) maximum annual debt service on the Refunding Bonds. The Series 2009 A Bonds Debt Service Reserve Fund may be invested at an unrestricted yield throughout the term of the Refunding Bonds and is subject to rebate.

(h) Series 2009 A Redemption Account. The Series 2009 A Redemption Account is created under the Ordinance. In the event moneys are deposited into the Series 2009 A Redemption Account, to the extent they are not part of a "bona fide debt service fund" within the meaning of the Treasury Regulations, they will, to the extent the yield thereon exceeds the yield on the Refunding Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

Section 2.6 No Replacement. Other than proceeds of the Refunding Bonds, neither the City nor any person related to it within the meaning of Section 147(a) of the Code (a *"Related Person"*) has on hand any funds which could legally and practically be used for the

purposes for which the Refunding Bonds are being issued which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the proceeds of the Refunding Bonds will be used (i) directly or indirectly to replace funds of the City or any Related Person that could be used for the purpose for which the Refunding Bonds are being issued, or (ii) to replace any proceeds of any prior issuance of obligations by the City or any Related Person.

Section 2.7 No Other Sinking or Pledged Funds. Except for the Series 2009 A Bonds Sinking Fund, no other funds or accounts have been or are expected to be established, and no moneys or property have been or are expected to be available or pledged (no matter where held or the source thereof) which are expected to be used or available to pay, directly or indirectly, principal or interest on the Refunding Bonds, or restricted so as to give reasonable assurance of their availability for such purposes.

Section 2.8 No Abusive Arbitrage Device. The City certifies, warrants and covenants that the Refunding Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and related Treasury Regulations, thereby enabling the City to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, and (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the Refunding Bonds.

Section 2.9 Temporary Period and Transferred Proceeds. The City acknowledges that pursuant to Section 149(d)(3)(A)(iv)(II) of the Code, any temporary period under Section 148(c) of the Code for the proceeds of the Bonds to be Refunded will end on the date hereof, and thus the yield on such proceeds will be restricted to a yield not materially higher than the yield on the Bonds to be Refunded.

Proceeds of each issue of the Bonds to be Refunded will become transferred proceeds of the Refunding Bonds when proceeds of the Refunding Bonds discharge the Bonds to be Refunded on January 4, 2010. When proceeds of the Bonds to be Refunded become transferred proceeds of the Refunding Bonds, the yield on such proceeds will be restricted to a yield not materially higher than the yield on the Refunding Bonds or the City will make timely yield reduction payments to reduce the yield on such proceeds to a yield not materially higher than the yield on the Refunding Bonds.

ARTICLE III

CALCULATION OF YIELD

Section 3.1 Yield. For purposes of this Tax and Non-Arbitrage Certificate, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Thus, yield generally means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest with respect to an obligation and the cost of qualified guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the issue price of the obligation.

The City certifies, based upon representations of the Underwriters shown in Exhibit A hereto, that the aggregate reoffering price of the Refunding Bonds is $7,084,556.60, which represents the price at which the Refunding Bonds were sold to the public (excluding bond houses, brokers and other intermediaries) plus accrued interest. For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Refunding Bonds on an aggregate basis as computed by Crews & Associates, Inc., the underwriter of the Refunding Bonds is at least 4.4568%.

ARTICLE IV

REBATE

Section 4.1 Undertakings. The City has covenanted to comply with certain requirements of the Code. The City covenants that it shall retain an arbitrage consultant to determine any rebate due with respect to the Bonds to be Refunded and any rebate or yield reduction payments required to be made with respect to the Refunding Bonds. The City acknowledges that the United States Department of the Treasury has issued Treasury Regulations with respect to these undertakings, including the proper method for computing whether any rebate amount is due the United States under Section 148(f) of the Code (i.e., Sections 1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Treasury Regulations). The City covenants that it will undertake to determine (or have determined on its behalf) what is required with respect to the rebate provisions contained in Section 148(f) of the Code from time to time and will undertake to comply with any requirements that may be applicable to the Refunding Bonds. The City will undertake the methodology described in this Article IV of this Tax and Non-Arbitrage Certificate, except to the extent inconsistent with any requirements of present or future law, regulations or future guidance issued by the United States Department of the Treasury or if the City receives an opinion of Bond Counsel.

Section 4.2 Rebate Fund. A special fund designated the *"Rebate Fund"* has been continued pursuant to the Ordinance. The City shall keep the Rebate Fund separate and apart from all other funds and moneys held by it.

Section 4.3 Recordkeeping. Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds (within the meaning of Section 1.148-1(b) of the Treasury Regulations) of the Refunding Bonds must be maintained by the City, including (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) frequency of interest payments, (vii) disposition price, (viii) any accrued interest received, (ix) disposition date, and (x) broker's fees. Such detailed record keeping is required for the calculation of the rebate amount (within the meaning of Section 1.148-3 of the Treasury Regulations) which, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the yield on the Refunding Bonds.

Section 4.4 Rebate Amount Calculation and Payment.

(a) The City represents, warrants and covenants that it will prepare or cause to be prepared a calculation of the rebate amount with respect to the Refunding Bonds consistent with

the rules described in this Section 4.4. The City will prepare the calculation of the rebate amount (i) within fifty-five (55) days after the close of the fifth Bond Year and each fifth Bond Year thereafter so long as any Refunding Bonds remain unpaid, and (ii) within fifty-five (55) days after the first date on which there are no unpaid Refunding Bonds. Not later than fifty-five (55) days after the end of the fifth Bond Year and each fifth Bond Year thereafter so long as any Refunding Bond remains unpaid, and within fifty-five (55) days after the last Refunding Bond is paid, the City shall deposit an amount necessary to increase or decrease the sum held in the Rebate Fund to the rebate amount.

(b) For purposes of calculating the rebate amount (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its value at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment on the first date when there are no unpaid Refunding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Paying Agent shall pay to the United States Department of the Treasury, pursuant to instructions from the City, out of designated funds (i) not later than sixty (60) days after the end of each fifth Bond Year, a payment equal to at least ninety percent (90%) of the rebate amount with respect to the Refunding Bonds, calculated as of the end of such fifth Bond Year, and (ii) not later than sixty (60) days after the first date when there are no unpaid Refunding Bonds, an amount equal to one hundred percent (100%) of the rebate amount (determined as of the first date when there are no unpaid Refunding Bonds) plus any actual or imputed earnings on such rebate amount, all as set forth in Sections 1.148-1 through 1.148-11 of the Treasury Regulations and as determined by or on behalf of the City.

(d) Each payment required to be made pursuant hereto and relating to the Refunding Bonds shall be filed with the Internal Revenue Service Center designated in the then-applicable Internal Revenue Service forms and instructions, on or before the date such payment is due and shall be accompanied by Internal Revenue Service Form 8038-T or successor form. The City must retain records of the calculations required by this Section 4.4 until six (6) years after the retirement of the last obligation of the Refunding Bonds.

Section 4.5 Valuation of Investments.

(a) General Rule. Except as otherwise provided in this Section 4.5, for all purposes of Section 148 of the Code, the value of an investment allocated to the Refunding Bonds (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods:

(i) Outstanding Principal Amount Method. A plain par investment (as defined in Section 1.148-1(b) of the Treasury Regulations) may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

(ii) Present Value Method. An investment whose yield is fixed and determinable on the issue date (a *"fixed rate investment"*) may be valued at its present

value on that date. Present value of an investment is computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the yield on the Refunding Bonds (i.e., 360-day year basis with interest compounded semiannually). The present value of an investment on a date is equal to the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the yield on the investment as the discount rate.

(iii) Fair Market Value Method. An investment may be valued at its fair market value on that date. 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. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in Subsections 4.5(e), (f) and (g) hereof, an investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) Mandatory Valuation of Certain Investments at Fair Market Value. Except as provided in Subsections 4.5(c) and (d), an investment must be valued at fair market value on the date that it is first allocated to the Refunding Bonds or first ceases to be allocated to the Refunding Bonds as a consequence of a deemed acquisition or deemed disposition.

(c) Mandatory Valuation of Yield Restricted Investments at Present Value. Any yield restricted investment must be valued at present value.

(d) Transferred Proceeds Allocations, Universal Cap Allocations and Commingled Funds. Notwithstanding Subsection 4.5(b) hereof, an investment need not be valued at fair market value if it is allocated to the Refunding Bonds or ceases to be allocated to the Refunding Bonds as a result of the transferred proceeds allocation rule under Section 1.148-9(b) of the Treasury Regulations or the universal cap rule under Section 1.148-6(b)(2) of the Treasury Regulations. In addition, investments in a commingled fund (other than a bona fide debt service fund) need not be valued at fair market value unless it is a commingled fund described in Section 1.148-6(e)(5)(iii) of the Treasury Regulations.

(e) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal will be treated as its fair market value on the purchase date if:

(i) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(ii) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract will be treated as its fair market value on the purchase date if:

(i) the City has made (or had made on its behalf) a bona fide solicitation for a specified guaranteed investment contract and received at least three (3) bona fide bids from providers that have no material financial interest in the Refunding Bonds;

(ii) the City purchased (or had purchased on its behalf) 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 contract, if any, offered to other 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 took into account as a significant factor the City's reasonably expected drawdown 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 provider of the guaranteed investment contract certified the administrative costs that it paid (or expects to pay) to third parties in connection with the guaranteed investment contract.

(g) United States Treasury Obligations. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

Section 4.6 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the City hereby agrees to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

Section 4.7 Filing Requirements. The City shall file or cause to be filed such reports or other documents with the Internal Revenue Service as may be required by the Code from time to time (e.g., Form 8038-G and Form 8038-T).

ARTICLE V

OTHER MATTERS

Section 5.1 Authority. The undersigned are authorized representatives of the City and are acting for and on behalf of the City in executing this Tax and Non-Arbitrage Certificate. To the best of the knowledge and belief of the undersigned representatives of the City, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 5.2 Amendment and Supplementation.

(a) Notwithstanding any other provision herein, the parties hereby agree to amend, supplement or modify this Tax and Non-Arbitrage Certificate to the extent necessary to maintain the exclusion of interest on the Refunding Bonds from gross income for federal tax purposes as required pursuant to an opinion of Bond Counsel.

(b) Notwithstanding any other provision herein, if the parties request an amendment, supplementation or modification hereto, this Tax and Non-Arbitrage Certificate shall be so amended, supplemented or modified only if accompanied by an opinion of Bond Counsel.

Section 5.3 Severability. If any provision of this Tax and Non-Arbitrage Certificate (including all accompanying certificates) shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 5.4 Multiple Counterparts. This Tax and Non-Arbitrage Certificate may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 5.5 Survival of Defeasance. Notwithstanding anything in this Tax and Non-Arbitrage Certificate or any other provisions of the Ordinance to the contrary, the obligation to remit the rebate amount to the United States Department of the Treasury and to comply with all other requirements contained in this Tax and Non-Arbitrage Certificate shall survive the defeasance or payment in full of the Refunding Bonds.

Section 5.6 Permitted Changes; Opinion of Bond Counsel. The yield restrictions contained in Section 2.5 or any other restriction or covenant contained herein need not be observed or may be changed if the City receives an opinion of Bond Counsel to the effect that such noncompliance or change will not adversely affect the exclusion of interest on the Refunding Bonds for federal income tax purposes.

Section 5.7 Successors and Assigns. The terms, provisions, covenants and conditions of this Tax and Non-Arbitrage Certificate shall bind and inure to the benefit of the respective successors and assigns of the City.

Section 5.8 Headings. The headings of this Tax and Non-Arbitrage Certificate are inserted for convenience only and shall not be deemed to constitute a part of this Tax and Non-Arbitrage Certificate.

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DATED as of this 1st day of December, 2009.

CITY OF CHARLES TOWN
WEST VIRGINIA

By: _____
Its: Mayor

By: _____
Its: City Manager

EXHIBIT A

CERTIFICATE OF UNDERWRITER

See Transcript No. 30

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, Gary Rawlings, City Manager, and the undersigned Peggy A. Smith, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on July 20, 2009 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"), hereby finds and determines as follows:

1. The Series 2009 A Bonds shall be dated December 1, 2009 shall bear interest on April 1 and October 1 of each year commencing April 1, 2010. These terms are amendatory of the parameters set forth in the Supplemental Parameters Resolution which provided that the interest on the Series 2009 A Bonds shall be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2009.

2. The Series 2009 A Bonds shall be issued in the aggregate principal amount of $7,120,000. The interest rates on the Series 2009 A Bonds do not exceed 7%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The Net Present Value of the savings realized from such refunding is not less than 2%.

3. The Series 2009 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2009 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2009 A Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2009 A Bonds shall be sold to Crews & Associates, Inc. (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $6,959,956.60 (representing par value less an Underwriter's discount of $124,600 and a net original issue discount of $35,443.40).

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2009 A Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2009 A Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 16th day of November, 2009.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

11.16.09
144220.00023

SCHEDULE 1

SERIES 2009 A BOND TERMS

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	Price or Yield
AR-1	2010	$305,000	2.000 %	2.000 %
AR-2	2011	$365,000	2.500 %	2.500 %
AR-3	2012	$380,000	3.000 %	3.000 %
AR-4	2013	$390,000	3.200 %	3.200 %
AR-5	2014	$410,000	3.400 %	3.400 %
AR-6	2015	$305,000	3.600 %	3.600 %
AR-7	2016	$320,000	3.800 %	3.800 %
AR-8	2017	$325,000	4.000 %	4.000 %
AR-9	2018	$340,000	4.000 %	4.100 %
AR-10	2019	$355,000	4.100 %	4.200 %
AR-11	2020	$370,000	4.200 %	4.300 %
AR-12	2021	$380,000	4.350 %	4.450 %
AR-13	2022	$395,000	4.500 %	4.600 %
AR-14	2023	$425,000	4.600 %	4.700 %

$890,000.00 4.625% AR-15 Term Bonds, Due October 1, 2025 at 98.286%
$1,165,000.00 5.000% AR-16 Term Bonds, Due October 1, 2028 at 100.00%

SCHEDULE 2

SERIES 2009 A BONDS REDEMPTION PROVISIONS:

Optional Redemption

The Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Gregory B. Isaacs, Senior Managing Director of CREWS & ASSOCIATES, INC. (the "Underwriter") and Peggy A. Smith and Gary Rawlings, the Mayor and City Manager respectively of the City of Charles Town (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 1st day of December, 2009, in New York, New York, the Underwriter received the entire original issue of $7,120,000 in aggregate principal amount of the City of Charles Town Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds" or "Bonds"). The Bonds, as so received on original issuance, are dated December 1, 2009, are in fully registered form, 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 Bonds, they had been executed by Peggy A. Smith and Gary Rawlings as Mayor and City Manager respectively of the Issuer by their manual signatures, and the official seal of the Issuer had been impressed upon each Bond and attested by Joseph Cosentini as City Clerk of the Issuer by his manual signature, and had been authenticated by an authorized officer of 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 Bonds, of the proceeds of the Series 2009 A Bonds, as follows:

Par Amount of Series 2009 A Bonds	$7,120,000
Less: Original Issue Discount	($35,443.40)
Less: Underwriter's Discount	($124,600)
Total	$6,959,956.60

Payment for the Series 2009 A Bonds was made in immediately available funds (federal funds wire) in the amount of $6,959,956.60.

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WITNESS our signatures on this 1st day of December, 2009.

CREWS & ASSOCIATES, INC.

By: _____
Its: Senior Managing Director

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

11.16.09
144220.00023

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc., as Registrar
500 Virginia Street, East
Charleston, West Virginia 25301

Ladies and Gentlemen:

There are delivered to you herewith (or have previously been delivered to you) as Registrar for the above-captioned Bonds:

1. Bonds No. AR-1 through AR-16 constituting the entire original issue of the City of Charles Town Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) dated December 1, 2009, in the aggregate principal amount of $7,120,000, (the "Bonds"), executed by the Mayor, City Manager and City Clerk of the City of Charles Town (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on July 6, 2009, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on July 20, 2009 (collectively, the "Ordinance").

2. A copy of the Ordinance duly certified by the City Clerk.

3. Signed, unqualified approving opinions of Steptoe & Johnson PLLC, as bond counsel with respect to the Bonds.

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

5. Copies of such other documents, certificates and verifications as required by the Original Purchaser.

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

Dated this 1st day of December, 2009.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

11.17.09
144220.00023

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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.

SPECIMEN

No. AR-1 $305,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.0%	October 1, 2010	December 1, 2009	160028 BX3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIVE THOUSAND AND 00/100 DOLLARS ($305,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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 $365,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.5 %	October 1, 2011	December 1, 2009	160028 BY1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SIXTY FIVE THOUSAND AND 00/100 DOLLARS ($365,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-3 $380,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.0 %	October 1, 2012	December 1, 2009	160028 BZ8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS ($380,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-4 $390,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.2 %	October 1, 2013	December 1, 2009	160028 CA2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED NINETY THOUSAND AND 00/100 DOLLARS ($390,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-5 $410,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.4 %	October 1, 2014	December 1, 2009	160028 CB0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED TEN THOUSAND AND 00/100 DOLLARS ($410,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-6 $305,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.6 %	October 1, 2015	December 1, 2009	160028 CC8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIVE THOUSAND AND 00/100 DOLLARS ($305,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

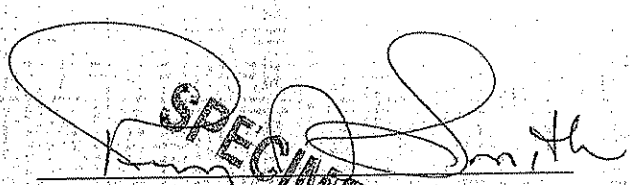
This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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.

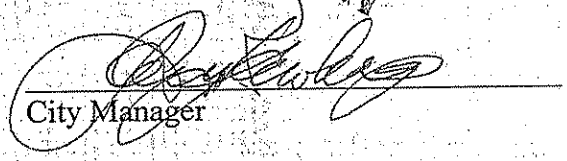
All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]



Mayor



City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-7 $320,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.8 %	October 1, 2016	December 1, 2009	160028 CD6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY THOUSAND AND 00/100 DOLLARS ($320,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-8 $325,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.0 %	October 1, 2017	December 1, 2009	160028 CE4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY FIVE THOUSAND AND 00/100 DOLLARS ($325,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-9 $340,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.0 %	October 1, 2018	December 1, 2009	160028 CF1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FORTY THOUSAND AND 00/100 DOLLARS ($340,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-10 $355,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.10 %	October 1, 2019	December 1, 2009	160028 CG9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY FIVE THOUSAND AND 00/100 DOLLARS ($355,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-11 $370,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.20 %	October 1, 2020	December 1, 2009	160028 CH7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SEVENTY THOUSAND AND 00/100 DOLLARS ($370,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-12 $380,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.35 %	October 1, 2021	December 1, 2009	160028 CJ3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS ($380,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-13 $395,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.5 %	October 1, 2022	December 1, 2009	160028 CK0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED NINETY FIVE THOUSAND AND 00/100 DOLLARS ($395,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-14 $425,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.6 %	October 1, 2023	December 1, 2009	160028 CL8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED TWENTY FIVE THOUSAND AND 00/100 DOLLARS ($425,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-15 $890,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.625 %	October 1, 2025	December 1, 2009	160028 CM6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED NINETY THOUSAND AND 00/100 DOLLARS ($890,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-16 $1,165,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.00 %	October 1, 2028	December 1, 2009	160028 CN4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED SIXTY FIVE THOUSAND AND 00/100 DOLLARS ($1,165,000)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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 April 1 and October 1, in each year, beginning April 1, 2010 (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 March 15 and September 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 City 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 $1,000,000 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 principal 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 $7,120,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 6, 2009, and supplemented by a supplemental parameters resolution adopted by said Council on July 20, 2009 (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 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 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 Bonds of this issue 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 Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the Issuer at par plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This 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, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: December 1, 2009.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

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.

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

PREPAYMENT AGREEMENT FOR SERIES 1998 BONDS

This PREPAYMENT AGREEMENT (the "Agreement"), made and entered into as of December 1, 2009, by and among the CITY OF CHARLES TOWN (the "Issuer"), the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Paying Agent") and THE BANK OF NEW YORK (the "Registrar").

W I T N E S E T H T H A T:

WHEREAS, the Issuer presently owns and operates a public combined waterworks and sewerage system (the "System") and has heretofore financed and refinanced the acquisition and construction of the System and certain additions, extensions and improvements thereto by the issuance of several series of bonds;

WHEREAS, the Issuer has determined to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt), dated December 1, 2009, issued in the original aggregate principal amount of $7,120,000 (the "Series 2009 A Bonds") and contemporaneously therewith prepay and defease its 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 Bonds");

WHEREAS, the Issuer shall prepay and defease the Series 1998 Bonds by depositing with the Paying Agent on December 1, 2009 (the "Closing Date") a portion of the proceeds of the Series 2009 A Bonds in the amount of $6,236,966.52 (the "Redemption Deposit Amount"), which amount will be deposited by the Paying Agent in the Series 1998 Bonds Sinking Fund, and a portion of the proceeds of the Series 2009 A Bonds in the amount of $1,956.59 (the "Paying Agent Fees"), which amount shall be applied to fees due and owing the Paying Agent with respect to the Series 1998 Bonds;

WHEREAS, the Redemption Deposit Amount, along with funds then already on deposit in the Series 1998 Bonds Sinking Fund, including the Series 1998 Bonds Reserve Account therein in the total amount of $906,563.92, are in such amounts as to insure the payment on January 4, 2010 (the "Redemption Date") by the Registrar, pursuant to the Bond Ordinance enacted by the Issuer on March 16, 1998, as supplemented (the "Bond Ordinance"), of the entire principal amount of the Series 1998 Bonds then outstanding, the redemption premium and all interest accrued thereon (collectively, the "Redemption Price"); and

WHEREAS, on or before one business day prior to the Redemption Date, the Paying Agent shall transfer unto the Registrar the Redemption Price in order that the Registrar can effect the payment of the Redemption Price to the registered owner of the Series 1998 Bonds upon presentation of such Series 1998 Bonds for payment in accordance with the Bond Ordinance;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1998 Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The Issuer shall deposit the Redemption Deposit Amount and the Paying Agent Fees with the Paying Agent on the Closing Date and the Redemption Deposit Amount shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited by the Paying Agent in the Series 1998 Bonds Sinking Fund. The Paying Agent shall immediately apply the Paying Agent Fees to the paying of the fees due and owing from the Issuer in connection with the Series 1998 Bonds.

2. The Redemption Deposit Amount, together with funds already then on deposit with the Paying Agent on the Closing Date in the Series 1998 Bonds Sinking Fund, and the Series 1998 Bonds Reserve Account therein, shall be sufficient to pay the Redemption Price in full on the Redemption Date.

3. The Registrar shall provide a notice of redemption by registered or certified mail to the Depository Trust Company as the registered owner of the Series 1998 Bonds, Asset Guaranty Insurance Company (the bond insurer for the Series 1998 Bonds), Royal Bank of Canada (the original purchaser of the Series 1998 Bonds), with a copy of such redemption notice being provided to Standard & Poor's Called Bond Record and EMMA, not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the Series 1998 Bonds.

4. The holders of the Series 1998 Bonds shall have an express lien on all moneys and assets in the Series 1998 Bonds Sinking Fund, including the Series 1998 Bonds Reserve Account therein, until paid out, used and applied in accordance with this Agreement.

5. At least one business day prior to the Redemption Date, the Paying Agent shall transfer unto the Registrar the Redemption Price in order that the Registrar can effect the payment of the Redemption Price to the registered owners of the Series 1998 Bonds upon presentation of such Series 1998 Bonds for payment in accordance with the Bond Ordinance.

6. This Agreement shall terminate on the date on which all the Outstanding Series 1998 Bonds have been redeemed, paid in full and discharged. Upon termination of this Agreement, any moneys remaining at the Registrar after payment of administrative

fees shall be transferred by the Registrar to the Paying Agent for deposit into the Series 2009 A Bonds Sinking Fund of the Series 2009 A Bonds.

7. 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.

8. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

THE BANK OF NEW YORK

By: _____
Its: Authorized Representative

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

THE BANK OF NEW YORK

By: _____
Its: Authorized Representative

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

THE BANK OF NEW YORK

By: _____
Its: Authorized Representative

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

11.24.2009
144220.00023

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 1st day of December, 2009, 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., Charleston, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $7,120,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds" or "Bonds"), in fully registered form pursuant to a Bond Ordinance enacted July 6, 2009, as supplemented by a Supplemental Parameters Resolution adopted July 20, 2009 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

1. Upon the execution of this 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 Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver 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 2009 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 Registrar 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, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee 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 Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Bond Legislation, the terms of the Bond Legislation 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 Bond Legislation 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

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

8. The Bank is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

UNITED BANK, INC.

By: _____
Its: Authorized Officer

11.17.2009
144220.00023

EXHIBIT A

Bond Legislation

[See Transcript at Tab No. 1 and Tab No. 2]

FEE SCHEDULE

(On File with Issuer)

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.

Post-it Fax Note 7671 Date 5/7/98 pages 1
To Tina Collins From [illegible]
Co./Dept. Co. [illegible]

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 A. 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, Mayor

Attest: Brenda S Hamilton

Clerk

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Michael Slover**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Michael Slover**, 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.

Michael Slover

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 2nd day of July, 2007.

Peggy A. Smith, Mayor

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Chester A. Hines**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Chester A. Hines**, 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.

Chester A. Hines

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 15th day of June, 2009.

Peggy A. Smith

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Marylois Gannon-Miller**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Marylois Gannon-Miller**, 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.

Marylois Gannon-Miller

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 8th day of June, 2007.

Peggy A. Smith, Mayor

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Ann Paonessa**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Ann Paonessa**, 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.

Ann Paonessa

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 8th day of June, 2007.

Peggy A. Smith, Mayor

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Ruth McDaniel**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Ruth McDaniel**, 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.

Ruth McDaniel

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 8th day of June, 2007.

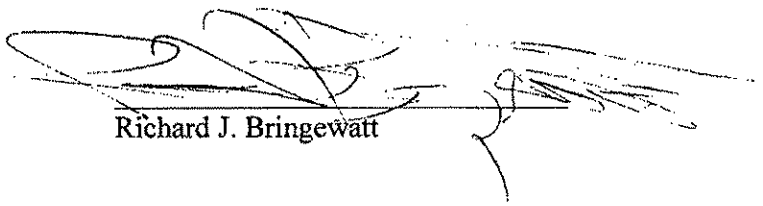
Peggy A. Smith, Mayor

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

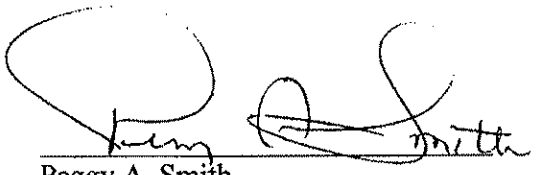
I, **Richard J. Bringewatt**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Richard J. Bringewatt**, 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.



Richard J. Bringewatt

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 15th day of June, 2009.



Peggy A. Smith

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Donald W. Clendening**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Donald W. Clendening**, 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.

Donald W. Clendening

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 15th day of June, 2009.

Peggy A. Smith

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Sandra Slusher McDonald**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Sandra Slusher McDonald**, 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.

Sandra Slusher McDonald

the above oath was taken and subscribed by the Honorable Mayor, Peggy A. Smith, on this 15th day of June, 2009.

Peggy A. Smith

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Peggy A. Smith**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Peggy A. Smith**, do solemnly swear that I will faithfully discharge and perform the duties of the position of **Mayor for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Peggy A. Smith

The above oath was taken and subscribed before Joseph L. Cosentini, Clerk for the City of Charles Town, on this 15th day of June, 2009

Joseph L. Cosentini, City Clerk

May 18, 2009

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 Council Chambers at City Hall in said city on Monday, May 18, 2009 at 7:00 p.m. The following members of Council were present: Donald W. Clendening, MaryLois Gannon-Miller, Ruth McDaniel, Sandra McDonald, Ann Paonessa, Amy Schmitt, Michael Slover and Geraldine Willingham. Mayor Peggy Smith presided and Joe Cosentini, City Clerk, took the minutes of the meeting. Also present were Gary Rawlings, City Manager, and Chief Barry Subelsky.

A motion by Councilwoman Schmitt, seconded by Councilwoman McDonald and the Council unanimously voted to dispense the reading of the minutes dated May 4, 2009. A motion by Councilwoman Willingham, seconded by Councilwoman McDonald and the Council unanimously voted to approve the revised minutes dated May 4, 2009.

Mayor Smith opened the floor for public comments. John Maher, Oakland Heights, appeared before the Council to express his concerns with the annexation of property adjacent to Oakland United Methodist Church.

Brad Riggleman, Oakland Heights, appeared before the Council to express his concerns with the annexation of property adjacent to Oakland United Methodist Church.

UNFINISHED BUSINESS

Mayor Smith opened the floor for the second reading of an Annexation Ordinance annexing the property of Dailey Farm LLC and Resolution 2009-06: Acceptance of Conditions of Annexation. Kristen Ringstaff, William H. Gordon & Associates, appeared before the Council to explain the proposed conditions of annexation which include the restriction of access to Oakland Terrace Drive. A motion by Councilman Clendening, seconded by Councilwoman Willingham and, upon discussion, the Council voted 6-2, with Councilwoman Gannon-Miller and Councilwoman McDaniel voting against, to approve the second reading of an Annexation Ordinance annexing the property of Dailey Farm LLC and Resolution 2009-06: Acceptance of Conditions of Annexation with the addition of language restricting construction traffic from entering the property through Oakland Terrace and are as follows:

AN ANNEXATION ORDINANCE ANNEXING THE PROPERTY OF DAILEY FARM LLC CONTAINING SEVEN ACRES LYING ON THE EAST SIDE OF ROUTE 9 ADJOINING THE CITY OF CHARLES TOWN

WHEREAS, West Virginia Code 8-6-4 permits a municipality to, by ordinance, annex additional territory without ordering a vote on the question if (1) a majority of the qualified voters of the 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, West Virginia Code 8-6-4(b) provides that even though a firm or corporation is a freeholder, for purposes of annexation, they are considered qualified voters of the additional territory sought to be annexed, and

WHEREAS, the Dailey Farm LLC is a freeholder in the additional territory sought to be annexed as well as a qualified voter as defined by the aforesaid Code, and

WHEREAS, pursuant to West Virginia Code 8-6-4(f) only a qualified voters petition is necessary in this matter and has filed a qualified voter's petition with this City, and

WHEREAS, the Dailey Farm LLC constitute a majority of the qualified voters of the additional territory sought to be annexed,

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 shown on the plat submitted with said petition, and

NOW, THEREFORE, BE IT ORDAINED 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 ordinances 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 the that effect to the County Commissioners 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/ Peggy A. Smith
Peggy A. Smith, Mayor

First Read: 05/04/2009
Second Read: 05/18/2009

Resolution 2009-06
An Acceptance of Conditions of Annexation for Dailey Farm LLC

WHEREAS, Dailey Farm LLC presented their petition for annexation of their property to the Mayor and City Council, and

WHEREAS, the said petition for annexation was received and was referred to the Finance Committee of the City for further review and analysis, and

WHEREAS, said Finance Committee has convened, and after review of the information presented to it, has reached certain conclusions and has made recommendations, and

WHEREAS, the petition for annexation was next referred to the City of Charles Town Planning Commission for further review and analysis for its recommendation to Council, and

WHEREAS, at said meeting of the Planning Commission they adopted a recommendation that the property be zoned General Commercial (GC), and

WHEREAS, through direct negotiation, Dailey Farm LLC, the Planning Commission, the Finance Committee, the City Council of the City of Charles Town, and City Staff have compiled a list of conditions of annexation to be made by the developers and property owners which are subject to the annexation for the use and benefit of the City of Charles Town (hereinafter attached to as Exhibit 1: Conditions of Annexation for Dailey Farm LLC), and

NOW, THEREFORE, WITNESSETH: That the property owners of the property known as the Dailey Farm, 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 into the corporate boundaries of Charles Town the territory owned by Dailey Farm LLC
B. The City will subject the territory so annexed to General Commercial (GC) zoning.
C. The property owners will offer all terms set forth in Exhibit 1 for the use and benefit of the City of Charles Town upon the terms and conditions herein set forth.
D. The property owners agree to execute further assurances or agreements 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 conditions of annexation.

NOW, THEREFORE, BE IT RESOLVED; By the City Council of the City of Charles Town, to accept and approve the ordinance for annexation of Dailey Farm LLC. 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: May 18, 2009

CITY OF CHARLES TOWN:
/s/ Peggy A. Smith
Peggy A. Smith, Mayor

Attest:
/s/ Joe Cosentini
City Clerk

As Attachment To Resolution #2009-06
CONDITIONS OF ANNEXATION FOR DAILEY ANNEX PROPERTY

The property of Dailey Annex Property, owned by Dailey Farm Property, LLC., herein also referred to as "The Property", "The Dailey Annex property", "The Parcels", or similar language, and as identified by Parcel 8, Tax Map 18, Charles Town District, consisting of approximately 7 acres, agrees to the following conditions of annexation if the property is annexed into the City of Charles Town, herein also referred to as "The City" and "Charles Town".

Impact statements pertaining to the City of Charles Town Annexation Policy Evaluation Criteria, and all proposed voluntary contributions, submitted as conditions of annexation, are as follows:

PLANNING & ZONING COMPLIANCE – EVALUATION CRITERIA #1:

Evaluation Criteria 1A – Comprehensive Plan

This annexation is consistent with the City of Charles Town Comprehensive Plan per the following:

Chapter 3 – Charles Town's Vision for the Future

a) Commerce and Industry – The Dailey Annex Property will have a positive impact on commerce and industry in Charles Town. The future commercial development of the property will provide increased tax revenue for the City of Charles Town.

b) Jobs – During the development of the property and the construction of the commercial site, the property may provide jobs in the local construction trades. Upon completion of the project, the property's commercial lots will provide long-term employment opportunities in the City of Charles Town. The Petitioners ultimate vision for the Property includes the development of the seven (7) acre parcel as General commercial development use.

c) Safety and Walkability - The Petitioners plans for the Property will promote pedestrian access from neighboring residential communities and commercial uses by way of walking trails or sidewalks to be developed on the Property. The Dailey Annex Property will have street lights per the City's requirements to promote a safe environment.

d) Infrastructure – The Petitioner will provide infrastructure for proposed development by building the necessary parking areas, storm water management facilities and other improvements within the development. Both water and sewer will be provided to the property as approved by the Charles Town Utility Board.

e) Beautification – In keeping with the City's beautification efforts, the Petitioner will submit their landscaping plan to the City of Charles Town tree board and will provide landscaping throughout the Property's proposed development in accordance with the requirements of the City of Charles Town Ordinances.

f) Parks, Trails, Green space, and Recreation – The Petitioner has provided significant park space and open space as part of the previous annexation for the Dailey Property. The Petitioner will meet the open space requirements as defined in the City of Charles Town ordinances at the time of site plan for the Dailey Annex property. The petitioner will provide the necessary pedestrian connections

to adjacent properties in accordance with the City of Charles Town Ordinances as part of the overall development of the Dailey property.

Evaluation Criteria 1B – Urban Zoning

The Property, consisting of 7+/- acres shall be zoned GC (General Commercial). This requested zoning classification is appropriate and will promote urban development on the Property ensuring orderly future growth that is consistent with the Charles Town growth policy.

As required, users shall submit site plans to the City of Charles Town Planning Commission to ensure compliance with City of Charles Town's Ordinances.

Evaluation Criteria 1C – Contiguous Location

The Property satisfies the requirements of the West Virginia code and is contiguous and connected to the existing corporate limits of the City of Charles Town.

This connection is located along all portions of the Property's boundary line. The property is bounded by the following properties which have been annexed into the City of Charles Town:

- Dailey property
- Oakland Church
- St. James Roman Catholic Church
- Crosswinds

Evaluation Criteria 1D – Transportation Planning

This annexation is compatible with the City's efforts to coordinate land use and transportation planning in order to avoid adverse traffic impacts on the community. To this end, the Petitioners agree to the following:

Connectivity of any internal roads and/or parking lot facilities shall be provided between adjoining properties to the greatest extent feasible, as determined by the Planning Commission and the developer of the Property.

The West Virginia Department of Highways will be provided with any traffic impact studies required in connection with the application for any new highway entrance permit. The Petitioners will comply with all the requirements of the Department of Highways in connection with the granting of such permit.

A detailed traffic study will be provided to the City of Charles Town at the time of submission of site plan.

The petitioner agrees that site access for this annexed property will be restricted from having access to the existing Oakland Terrace Drive. Additionally, no construction access will be permitted onto Oakland Terrace Drive during the construction of this property.

ECONOMIC GROWTH – EVALUATION CRITERIA #2:

This annexation will increase the City's ability to create quality jobs, establish retail and commercial businesses and will increase the tax base for the City.

The existing business on the property will provide an increase for the City's tax revenue. The development of future commercial establishments on the Property will create additional jobs beyond the jobs currently provided by the existing business.

AFFORDABLE HOUSING – EVALUATION CRITERIA #3

The Property will be zoned for commercial use and residential use is not anticipated.

PROTECTION OF RESOURCES – EVALUATION CRITERIA #4

All known environmental features, including, but not limited to, sinkholes, floodplain, wetland, natural waterways, natural drainage ways, and woodlands shall be identified on individual site plans. Any disturbance of environmental features shall comply with applicable city, state, and federal regulations.

MUNICIPAL INFRASTRUCTURE AND SERVICES – EVALUATION CRITERIA #5

The Petitioner will provide infrastructure for the Property by building the necessary transportation connections, water & sewer connections and storm water management facilities for the future development of the Property.

Water and Sewer service for the development of the Property will be provided by or as approved by the City of Charles Town

FISCAL IMPACT – EVALUATION CRITERIA #6

This annexation will provide a positive fiscal impact from the future commercial development that will locate within the annexed area through increased B&O tax collections.

The City agrees not to assess any type of fee, assessment or other charge upon the Petitioner's property that would otherwise be due solely as a condition of annexation, such as Capital Cost Fee or Non-Capital Cost Fee.

All of the above voluntary contributions offered in this document as conditions of this annexation shall be binding to all of the above-described property that is annexed into the City of Charles Town. The property owner shall ensure that these restrictions are conveyed with the property to all future assigns and/or transferees of all or any part of the subject property, excluding land given to the City of Charles Town, West Virginia Department of Transportation, or other local, state or federal government entity. These conditions of annexation shall be fully enforceable.

Dated this 18th day of June, 2009.

/s/ Lou Athey
Petitioner

/s/ Peggy A. Smith
City of Charles Town, Mayor

NEW BUSINESS

Mayor Smith opened the floor for the first reading of AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,500,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, A OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO. John Stump, Steptoe & Johnson PLLC, appeared before the Council to explain the reasons for the proposed refinance. A motion by Councilwoman Gannon-Miller, seconded by Councilman Slover and, upon discussion, the Council unanimously voted to approve the first

reading of AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,500,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, A OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO on the condition that the amount be reduced from $8.5 million to $8.0 million and that prior to second reading the Utility Board review the proposed refinance and that all changes to the bond covenants be shown and explained.

Mayor Smith opened the floor for a presentation by Paulette Sprinkle, Jefferson County Conventions and Visitors' Bureau. Ms. Sprinkle presented Council with the CVB annual report and gave an update on the preparations for the John Brown Sesquicentennial. A motion by Councilwoman Willingham, seconded by Councilwoman Gannon-Miller and the Council unanimously voted to accept the report as provided.

Mayor Smith opened the floor for the acceptance of the FY08 Audit. A motion by Councilman Clendening, seconded by Councilwoman Schmitt and the Council unanimously voted to accept the audit as presented.

Mayor Smith opened the floor for the letter of support for joint Charles Town/Ranson federal funding requests. A motion by Councilwoman Paonessa, seconded by Councilwoman Gannon-Miller and the Council unanimously voted to approve the letter of support.

Mayor Smith opened the floor for the letter of support for the Jefferson County RWJ Healthy Kids Healthy Communities proposal. A motion by Councilwoman Willingham, seconded by Councilwoman McDaniel and the Council unanimously voted to approve the letter of support.

Mayor Smith opened the floor for the letter of support for the local automobile dealerships. A motion by Councilwoman McDaniel, seconded by Councilwoman Paonessa and the Council voted 7-1, with Councilman Slover voting against, to approve the letter of support.

Mayor Smith opened the floor for the WVABCA Zoning Form for Aldi Inc. A motion by Councilwoman Paonessa, seconded by Councilwoman Schmitt and the Council unanimously voted to approve the WVABCA Zoning Form for Aldi Inc.

Mayor Smith opened the floor for the City Council meeting schedule. A motion by Councilwoman Willingham, seconded by Councilwoman Gannon-Miller and the Council unanimously voted to cancel the regularly scheduled Council meeting for June 1, 2009 due to the City of Charles Town General Election schedule.

Mayor Smith opened the floor for two special activity permits. A motion by Councilwoman Paonessa, seconded by Councilman Slover and the Council unanimously voted to approve Special Activity Permit 12 and 13 for the Downtown Concert Series and to deny Special Activity Permit 11 for a roadside fundraiser by the WV Legends AAU Basketball Team.

A motion by Councilwoman McDaniel, seconded by Councilwoman McDonald and the Council unanimously voted to approve all bills as presented.

MAYOR AND COUNCIL REPORTS

Mayor Smith reported that she has received complaints regarding raccoons in town. A motion by Councilwoman Gannon-Miller, seconded by Councilwoman Paonessa and the Council unanimously voted to refer this matter to the City Manager and have him report back to Council at the appropriate time. Mayor Smith asked that Council pass a proclamation recognizing EMS Week. A motion by Councilwoman Gannon-Miller, seconded by Councilwoman McDonald and the Council unanimously voted to approve the Proclamation for EMS Week and is as follows:

EMS Week Proclamation

To designate the Week of May 17-23, 2009, as Emergency Medical Services Week

WHEREAS, emergency medical services is a vital public service; and

WHEREAS, the members of the Jefferson County Emergency Medical Services are ready to provide lifesaving care to those in need 24 hours a day, seven days a week; and

WHEREAS, access to quality emergency care dramatically improves the survival and recovery rate of those who experience sudden illness or injury; and

WHEREAS, the emergency medical services system consists of emergency physicians, emergency nurses, emergency medical technicians, paramedics, firefighters, educators, administrators and others; and

WHEREAS, the members of emergency medical services teams, whether career or volunteer, engage in thousands of hours of specialized training and continuing education to enhance their lifesaving skills; and

WHEREAS, it is appropriate to recognize the value and the accomplishments of emergency medical services providers by designating Emergency Medical Services Week; now

THEREFORE, *I, Peggy Smith, Mayor of the City of Charles Town, in recognition of this event do hereby proclaim the week of May 17-23, 2009, as*

EMERGENCY MEDICAL SERVICES WEEK

With the theme, EMS: A Proud Partner in Your Community, I encourage the community to observe this week with appropriate programs, ceremonies and activities.

Dated: May 18, 2009

/s/ Peggy A. Smith
Mayor Peggy A. Smith

Attest:
/s/ Joe Cosentini
City Clerk

Councilwoman Gannon-Miller, Ward II, informed Council of a possible vacant structure at 216 Ann Street. Councilwoman Schmitt, Ward II, thanked the Police Department for their efforts during the "Race to Recess" event over the weekend. Councilwoman Paonessa, Ward III, informed Council that her daughter was the first child to cross the finish line during the "Race for Recess" event and informed Council that the Ranson Festival was very well attended. Councilman Slover, Ward IV, informed Council of unfilled holes throughout town after utility work has been done. Councilwoman Willingham, Ward IV, wanted to thank Scott Coyle for his work with the downtown beautification and his efforts to clean up the Maintenance Yard.

CITY MANAGERS REPORT

Mr. Rawlings informed Council of actions being taken regarding the City/Utility Board separation.

CHIEF OF POLICE REPORT

Chief Subelsky informed Council that Councilwoman Paonessa's daughter finished the Race to Recess event in 28 minutes and that all the suspects in the drive by shooting that occurred at the corner of Werick and Mordington Avenue and have plead guilty.

PERSONNEL COMMITTEE

Councilman Clendening informed Council of the procedure for the City Manager's performance review and that a special session of Council should be scheduled for May 26th, 2009 in order to accept the recommendations of the Personnel Committee prior to the new City Council taking office in June.

A motion by Councilwoman Paonessa, seconded by Councilwoman McDaniel and the Council unanimously voted to adjourn at 9:11 p.m.

MAYOR: _____ DATE: 06/15/09

CLERK: _____ DATE: 06/15/09

June 15, 2009

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 Council Chambers at City Hall in said city on Monday, June 15, 2009 at 7:00 p.m. The following members of Council were present: Rich Bringewatt, Donald W. Clendening, MaryLois Gannon-Miller, Chet Hines, Ruth McDaniel, Sandra McDonald, Ann Paonessa and Michael Slover. Mayor Peggy Smith presided and Joe Cosentini, City Clerk, took the minutes of the meeting. Also present were Gary Rawlings, City Manager, Tara Hostler, Accounting Manager, Katie See, Associate Planner, Jane Arnett, Utility Manager, and Chief Barry Subelsky.

Joe Cosentini, City Clerk, administered the Oath of Office to Peggy A. Smith, the duly elected Mayor from the May 28, 2009 General Election, who then administered the Oath of Office to Sandra Slusher McDonald – Ward I, Chet Hines – Ward II, Donald W. Clendening – Ward III, and Rich Bringewatt – Ward IV, the duly elected members of Council from the May 28, 2009 General Election.

A motion by Councilwoman McDonald, seconded by Councilman Slover and the Council unanimously voted to dispense the reading of the minutes dated May 18, 2009 and May 26, 2009 special session. A motion by Councilwoman Paonessa, seconded by Councilman Clendening and the Council unanimously voted to approve the minutes dated May 18, 2009 and May 26, 2009 special session as presented.

Mayor Smith opened the floor for public comments. Mark Reinhart, Lawrence Street, appeared before the Council to welcome the newly elected members and to express his concerns regarding declining business and occupation tax revenue.

MAYOR AND COUNCIL REPORTS

Mayor Smith reported that the Utility Board is working on funding to save the City $25 million in wastewater upgrades, that she will be announcing her select committees at the next Council meeting and that she had received a question from a citizen asking why the concert series will be held downtown rather than in the park.

Councilwoman McDonald, Ward I, reported on the efforts of the Neighborhood Watch on Lawrence Street. Councilwoman Gannon-Miller, Ward II, asked about missing "Children at Play" signs near the corner of Charles and Ann Street and that the proper protocol be followed as it relates to check signing for the City. Councilwoman Paonessa, Ward III, informed Council of the efforts thus far from the ONTRAC program and that a downtown assessment is scheduled for

September 22, 2009. Councilman Bringewatt, Ward IV, thanked former Councilwoman Willingham for her years of service on City Council.

CITY MANAGERS REPORT

Mr. Rawlings informed Council of the Business and Occupation Tax revenue findings that he has made during this fiscal year. A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously voted to refer the Business and Occupation Tax revenue issue to the Finance Committee.

Mr. Rawlings informed Council of the efforts relating to the City and Utility Board governance. A motion by Councilwoman Gannon-Miller, seconded by Councilman Clendening and the Council unanimously voted to accept Utility Board Resolution 2009-06 as a report from the Board. Mayor Smith announced that a Select Committee will be formed to investigate the relationship between the City of Charles Town City Council and the Utility Board with members consisting of Mayor Peggy Smith, Councilman Michael Slover, Councilman Donald Clendening, Board Member Pete Kubic, City Manager Gary Rawlings and Utility Manager Jane Arnett.

Mr. Rawlings informed the Council of a possible equipment purchase including a 2006 Ford F-350 pickup truck, a landscaping trailer and two commercial lawn mowers. A motion to approve the purchase of the equipment was made by Councilman Clendening and seconded by Councilman Slover, upon discussion, a motion by Councilwoman Paonessa, seconded by Councilwoman Gannon-Miller and the Council voted 5-3, with Councilman Bringewatt, Councilwoman Gannon-Miller, Councilman Hines, Councilwoman Paonessa and Councilman Slover voting for and Councilman Clendening, Councilwoman McDaniel and Councilwoman McDonald voting against, to table the decision on the equipment purchase.

CHIEF OF POLICE REPORT

Chief Subelsky welcomed the new members of Council and asked that the surplus funds from the Police Department FY08/09 budget be reserved for Police use. A motion by Councilman Clendening, seconded by Councilman Slover and the Council unanimously voted to allow the reservation of the surplus funds from the Police Department FY08/09 budget for a time period of one year.

STREET COMMITTEE REPORT

Joe Cosentini, City Clerk, informed Council that the Street Committee had met and recommends the following for approval:

1. That the City approve the Dewberry contract for as needed work during the Gateway Revitalization Project. Dewberry has completed all design work necessary to start the project and the Street Committee would like to keep them on call for changes that may be necessary once construction begins. The City will

only be billed if changes are necessary and the contract has been capped at $7,500.00

A motion by Councilman Slover, seconded by Councilwoman Paonessa and the Council unanimously voted to approve the recommendation of the Street Committee as presented.

UNFINISHED BUSINESS

Mayor Smith opened the floor for the second reading of AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, A OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO. Tim Stranko, Steptoe & Johnson PLLC, appeared before the Council to explain the reasons for the proposed refinance. A motion by Councilman Slover, seconded by Councilman Clendening and, upon discussion, the Council voted 7-1, with Councilwoman Gannon-Miller voting against, to approve the second reading of AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, A OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING

THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

NEW BUSINESS

Mayor Smith opened the floor for the contract renewal of Steptoe & Johnson PLLC. A motion by Councilman Slover, seconded by Councilman Clendening and the Council unanimously voted to approve the renewal of the Steptoe & Johnson contract for a period of one year.

Mayor Smith opened the floor for the Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program application. A motion by Councilwoman Paonessa seconded by Councilwoman McDonald and the Council unanimously voted to approve the Edward Byrne Memorial Justice Assistance Grant Formula Program application as presented.

Mayor Smith opened the floor for a funding request to the Jefferson County Commission for the Energy Efficiency and Conservation Block Grant. A motion by Councilwoman Paonessa, seconded by Councilman Bringewatt and the Council unanimously voted to send the funding request to the Jefferson County Commission for the Energy Efficiency and Conservation Block Grant as presented.

Mayor Smith opened the floor for the West Virginia Humanities Council Minigrant application. A motion by Councilwoman Paonessa, seconded by Councilwoman McDonald and the Council unanimously voted to approve the West Virginia Humanities Council Minigrant application as presented.

Mayor Smith opened the floor for the Matching Advertising Partnership Program grant application. A motion by Councilwoman McDonald, seconded by Councilman Clendening and, upon discussion, the Council unanimously voted to approve the Matching Advertising Partnership Program grant application as presented.

Mayor Smith opened the floor for the letter of agreement on HOME Program Property Maintenance Code Inspections for the Jefferson County Homebuyer Assistance Program. A motion by Councilman Clendening, seconded by Councilwoman McDaniel and the Council unanimously voted to approve the letter of agreement on HOME Program Property Maintenance Code Inspections for the Jefferson County Homebuyer Assistance Program as presented.

Mayor Smith opened the floor for the FY08/09 Final Budget Revision. A motion by Councilman Slover, seconded by Councilman Clendening and, upon discussion, the Council unanimously voted to approve the FY08/09 Final Budget Revision as presented.

Mayor Smith opened the floor for the banner permit application for the Annual African American Cultural & Heritage Festival. A motion by Councilwoman McDaniel, seconded by Councilwoman McDonald and the Council unanimously voted to approve the banner application for the Annual African American Cultural & Heritage Festival.

Mayor Smith opened the floor for one special activity permit. A motion by Councilwoman McDaniel, seconded by Councilwoman McDonald and the Council unanimously voted to approve Special Activity Permit 09-17 for the Descendants of John Brown reception.

A motion by Councilman Slover, seconded by Councilwoman McDaniel and the Council unanimously voted to refer to the Street Committee a request for the paving of an alley in the Central Business District.

A motion by Councilwoman Paonessa, seconded by Councilwoman McDonald and the Council unanimously voted to refer to the Ordinance Committee the proposed Standing Committee Rules and Regulations.

APPOINTMENTS

Mayor Smith opened the floor for the appointment of Mayor Pro-Tem. A motion by Councilman Bringewatt, seconded by Councilwoman Gannon-Miller and the Council unanimously voted to appoint Councilwoman Ann Paonessa as Mayor Pro-Tem.

Mayor Smith opened the floor for the appointment of two members to the Finance Committee. A motion by Councilman Slover, seconded by Councilwoman Gannon-Miller and the Council unanimously voted to appoint Councilman Rich Bringewatt and Councilman Donald Clendening to the Finance Committee.

Mayor Smith opened the floor for the appointment of two members to the Loan Review Committee. A motion by Councilwoman Paonessa, seconded by Councilwoman Gannon-Miller and the Council unanimously voted to appoint Councilman Chet Hines and Councilwoman Sandra McDonald to the Loan Review Committee.

Mayor Smith opened the floor for the appointment of two members to the Ordinance Committee. A motion by Councilwoman Gannon-Miller, seconded by Councilwoman Paonessa and the Council unanimously voted to appoint Councilwoman Ruth McDaniel and Councilwoman Sandra McDonald to the Ordinance Committee.

Mayor Smith opened the floor for the appointment of two members to the Personnel Committee. A motion by Councilwoman Paonessa, seconded by Councilman Slover and the Council unanimously voted to appoint Councilman Rich Bringewatt and Councilman Donald Clendening to the Personnel Committee.

Mayor Smith opened the floor for the appointment of two members to the Street Committee. A motion by Councilwoman Paonessa, seconded by Councilman Slover and the Council unanimously voted to appoint Councilman Chet Hines and Councilwoman Sandra McDonald to the Street Committee.

Mayor Smith opened the floor for the appointment of one member to the Planning Commission. Councilwoman McDaniel nominated Councilwoman Gannon-Miller and Councilwoman McDonald nominated Councilman Clendening. City Council voted 5-3 in favor of appointing Councilwoman Gannon-Miller to the Planning Commission, with Councilman Bringewatt, Councilwoman Gannon-Miller, Councilwoman McDaniel, Councilwoman Paonessa and Councilman Slover voting for Councilwoman Gannon-Miller and Councilman Clendening, Councilman Hines and Councilwoman McDonald voting for Councilman Clendening.

Mayor Smith opened the floor for the appointment of one member to the Board of Parks and Recreation Commissioners. A motion by Councilwoman Paonessa, seconded by Councilman Bringewatt and the Council unanimously voted to appoint Councilman Michael Slover to the Board of Parks and Recreation Commissioners.

A motion by Councilwoman McDaniel, seconded by Councilwoman McDonald and the Council unanimously voted to approve all bills as presented.

A motion by Councilwoman McDonald, seconded by Councilwoman McDaniel and the Council unanimously voted to adjourn at 8:22 p.m.

MAYOR: _____ DATE: 07/06/09

CLERK: _____ DATE: 07/06/09

July 6, 2009

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 Council Chambers at City Hall in said city on Monday, July 6, 2009 at 7:00 p.m. The following members of Council were present: Rich Bringewatt, Donald W. Clendening, MaryLois Gannon-Miller, Chet Hines, Ruth McDaniel, Sandra McDonald, Ann Paonessa and Michael Slover. Mayor Peggy Smith presided and Joe Cosentini, City Clerk, took the minutes of the meeting. Also present were Gary Rawlings, City Manager, Katie See, Associate Planner, and Chief Barry Subelsky.

A motion by Councilwoman Paonessa, seconded by Councilwoman McDonald and the Council unanimously voted to dispense the reading of the minutes dated June 15, 2009. A motion by Councilwoman McDaniel, seconded by Councilwoman McDonald and the Council unanimously voted to approve the minutes dated June 15, 2009 as presented.

UNFINISHED BUSINESS

Mayor Smith opened the floor for the public hearing and third reading of AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, A OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO. A motion by Councilwoman Gannon-Miller, seconded by Councilman Clendening and the Council unanimously voted to open the public hearing for public comment at 7:02 p.m. Being no comments, a motion by Councilwoman McDonald, seconded by Councilwoman McDaniel and the Council unanimously voted to close the public hearing. A motion by Councilman Slover, seconded by Councilman Clendening and the Council voted 7-1, with Councilwoman Gannon-Miller voting against, to approve the third reading of AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED

WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, A OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

NEW BUSINESS

Mayor Smith opened the floor for the Bureau for Public Health Loan Commitment Letter. John Stump, Steptoe & Johnson PLLC, appeared before the Council and informed them that the loan would be for federal green infrastructure stimulus funds for Charles Town Water improvement projects and that, should the Council approve the commitment letter, the City would simply be reserving the stimulus fund and would not yet be bound to the loan. Hoy Shingleton, Utility Board Attorney, appeared before the Council to give a history of the Charles Town water loss issue and how the stimulus funds would be utilized. Upon discussion, a motion by Councilwoman Paonessa, seconded by Councilman Slover and the Council unanimously voted to approve the Bureau for Public Health Loan Commitment Letter and that additional information be presented to City Council by the Utility Board since the project described to be completed with the stimulus funds mirrors the same projects that were proposed during the last water rate increase.

Mayor Smith opened the floor for a presentation from Delta Development Group. Troy Truax appeared before the Council to give an update on their consulting efforts since September, 2008. Mr. Truax informed Council of the categories Delta has been working with the City on including plan reviews, Capital Improvement Planning, Community Planning and Development, Parks and Recreation Master planning and Government Relations.

Mayor Smith opened the floor for Resolution 2009-07: Authorizing the Execution of the Retirement PLUS Employer Adoption Agreement. A motion by Councilwoman Gannon-Miller, seconded by Councilwoman Paonessa and the Council unanimously voted to approve Resolution

2009-07: Authorizing the Execution of the Retirement PLUS Employer Adoption Agreement and is as follows:

Resolution 2009-07
Authorizing the Execution of the
Retirement PLUS Employer Adoption Agreement

WHEREAS, the City of Charles Town, West Virginia (the "Municipality"), has determined that to attract and retain qualified and capable employees, it wishes to offer a defined contribution plan funded by employee contributions, and

WHEREAS, the Municipality has reviewed the State of West Virginia Section 457 Deferred Retirement Plan operated by the State Treasurer's Office, known as Retirement Plus, (the "Plan") and believes the Plan will provide valuable benefits to its employees, and

WHEREAS, the Municipality wishes to make the Plan available to its employees.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Municipality hereby adopts the Plan and authorizes all eligible employees to participate;
2. That the Municipality hereby approves the Employer Adoption Agreement and authorizes Gary Rawlings, City Manager, to execute the Agreement and any other required documentation, to review and approve all operations and documents, and to provide any information needed; and
3. That the Municipality hereby agrees to comply with all applicable laws, rules, regulations and policies pertaining to the Plan.

Dated: July 6, 2009

CITY OF CHARLES TOWN:
/s/ Peggy A. Smith
Peggy A. Smith, Mayor

Attest:
/s/ Joe Cosentini
City Clerk

APPOINTMENTS

Mayor Smith opened the floor for the appointment of City Clerk. A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously voted to re-appoint Joe Cosentini as City Clerk for a two year term ending July, 2011.

Mayor Smith opened the floor for the appointment to the Building Commission. A motion by Councilman Clendening, seconded by Councilman Slover and the Council unanimously voted to appoint Wayne Clark to the Building Commission for a five year term ending June, 2014.

A motion by Councilwoman McDaniel, seconded by Council woman McDonald and the Council unanimously voted to approve all bills as presented.

MAYOR AND COUNCIL REPORTS

Mayor Smith informed Council of a letter she sent to the Governor of West Virginia regarding wastewater infrastructure funding, that she attended the National Horseman's Dinner at Charles Town Races and Slots, that she received a request from one of the downtown merchants regarding Charles Town's vision for downtown and presented Council with an updated Walking Tour Brochure.

Councilwoman Gannon-Miller, Ward II, asked the Mayor about the Mayor's Select Committee meeting scheduled for July 15, 2009 at 9:30 a.m. at the Wastewater Treatment Plant Offices and informed staff of stormwater runoff debris in the 500 block of George Street. Councilwoman Paonessa, Ward III, informed Council that the Downtown Concert Series concert held on July 3, 2009 was very well attended and updated Council on her continuing efforts regarding the ONTRAC program. Councilman Clendening, Ward III, informed Council that he has received calls regarding the contract between Apple Valley Waste and the City of Ranson and he asked that the minutes reflect that the check signing procedure that was called into question at the last Council meeting was proper and that there were no violations of procedure. Councilman Slover, Ward IV, asked that additional traffic calming measures be taken at the Farmers' Market.

CITY MANAGERS REPORT

Mr. Rawlings informed Council that the Council Retreat has been scheduled for September 11th and 12th at City Hall and presented a slideshow of recent improvements completed by the street maintenance crew.

CHIEF OF POLICE REPORT

Chief Subelsky informed Council that former Councilwoman Geraldine Willingham has accepted a position on the Police Civil Service Commission as the Police Department representative and presented Council with the grant narrative for the COPS Technology Grant application.

STREET COMMITTEE REPORT

Joe Cosentini, City Clerk, informed Council that the Street Committee had met and recommends the following for approval:

1. That the City approve the request for the re-paving of an alley located near 319 W. Washington Street. Jefferson Asphalt has provided an estimated cost not to exceed $8,200.00.

A motion by Councilman Slover, seconded by Councilman Hines and, upon discussion, the Council voted 6-2, with Councilwoman Gannon-Miller and Councilwoman McDaniel voting against, to approve the recommendation of the Street Committee as presented.

A motion by Councilwoman Paonessa, seconded by Councilwoman McDonald and the Council unanimously voted to adjourn at 9:17 p.m.

MAYOR: _____ DATE: 07/20/09

CLERK: _____ DATE: 07/20/09

July 20, 2009

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 Council Chambers at City Hall in said city on Monday, July 20, 2009 at 7:00 p.m. The following members of Council were present: Rich Bringewatt, Donald W. Clendening, MaryLois Gannon-Miller, Chet Hines, Ruth McDaniel, Sandra McDonald, Ann Paonessa and Michael Slover. Mayor Peggy Smith presided and Joe Cosentini, City Clerk, took the minutes of the meeting. Also present were Gary Rawlings, City Manager, Jane Arnett, Utility Manager, and Chief Barry Subelsky.

A motion by Councilman Slover, seconded by Councilwoman McDonald and the Council unanimously voted to dispense the reading of the minutes dated July 6, 2009. A motion by Councilwoman Paonessa, seconded by Councilwoman McDonald and the Council unanimously voted to approve the minutes dated July 6, 2009 as presented.

CHIEF OF POLICE REPORT

Chief Subelsky introduced Kay Jovanelly who was presented with a Citizen Commendation for her assistance in the capture of two individuals suspected of burglarizing homes in Charles Town.

NEW BUSINESS

Mayor Smith opened the floor for the Supplemental Parameters Resolution for the 1998 Bond refinance. John Stump, Steptoe & Johnson PLLC, appeared before the Council to explain the supplemental parameters resolution. A motion by Councilman Slover, seconded by Councilman Clendening and, upon discussion, the Council unanimously voted to approve the Supplemental Parameters Resolution for the 1998 Bond refinance. Council added that when/if the refinance takes place that the cost savings are reported to City Council.

Mayor Smith opened the floor for discussion regarding the first reading of an AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 921 SEWERS, SECTION 921.16, SEWER SERVICE RATES (Capital Improvements Fee Increase). Jane Arnett, Utility Manager, Richard Lewis, Steptoe & Johnson PLLC, Beth Blair, Black & Veatch Engineering, and Hoy Shingleton, Utility Board Attorney, appeared before Council to give a presentation regarding the proposed increases to the Capital Improvements Fee and Sewer Rates. A motion by Councilman Clendening, seconded by Councilman Slover and, upon discussion, the Council voted 7-1, with Councilwoman Gannon-Miller voting against, to approve the first reading of an AMENDMENT

TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 921 SEWERS, SECTION 921.16, SEWER SERVICE RATES (Capital Improvements Fee Increase) with the condition that additional information be provided on how the $5,500.00 amount was determined.

Mayor Smith opened the floor for discussion regarding the first reading of an AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 921 SEWERS, SECTION 921.16, SEWER SERVICE RATES (Rate Increase for the Tuscawilla Project Phase I and II). A motion by Councilman Clendening, seconded by Councilman Hines and, upon discussion, the Council voted 7-1, with Councilwoman Gannon-Miller voting against, to approve the first reading of an AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 921 SEWERS, SECTION 921.16, SEWER SERVICE RATES (Rate Increase for the Tuscawilla Project Phase I and II).

Mayor Smith opened the floor for the first reading of AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS PORTION OF THE 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 CHARLES TOWN OF NOT MORE THAN $1,665,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM/ARRA); AND NOT MORE THAN $1,665,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING

OTHER PROVISIONS RELATING THERETO. John Stump, Steptoe & Johnson PLLC, appeared before the Council to explain the bonding proposal. A motion by Councilman Clendening, seconded by Councilman Hines and the Council voted 7-1, with Councilwoman Gannon-Miller voting against, to approve the first reading of AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS PORTION OF THE 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 CHARLES TOWN OF NOT MORE THAN $1,665,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM/ARRA); AND NOT MORE THAN $1,665,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO on the condition that additional information be provided to City Council regarding how the funds will be used.

Mayor Smith opened the floor for the Housing Consortium Cooperation Agreement. A motion by Councilwoman Gannon-Miller, seconded by Councilwoman McDaniel and the Council unanimously voted to approve the Housing Consortium Cooperation Agreement authorizing the City to continue to participate in the program through 2012.

Mayor Smith opened the floor for the letter of support for the American Public University System/Jefferson County Schools Department of Commerce Broadband Grant proposal. A motion by Councilwoman Paonessa, seconded by Councilwoman Gannon-Miller and the Council unanimously voted to approve the letter of support for the American Public University System/Jefferson County Schools Department of Commerce Broadband Grant proposal as presented.

Mayor Smith opened the floor for the request for revision of the FY2010 Budget regarding the Coal Severance Fund. A motion by Councilman Slover, seconded by Councilman Clendening and, upon discussion, the Council unanimously voted to approve the revision of the FY2010 Budget regarding the Coal Severance Fund as presented.

Mayor Smith opened the floor for the approval of special activity permit #09-19 for the African American Heritage Festival Parade. A motion by Councilman Bringewatt, seconded by Councilman Slover and the Council unanimously voted to approve Special Activity Permit #09-19 for the African American Heritage Festival Parade.

Mayor Smith opened the floor for the approval of a banner application for the WV Breeders Classics. A motion by Councilwoman Paonessa, seconded by Councilwoman McDonald and the Council unanimously voted to approve the banner application for the WV Breeders Classics.

A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously voted to refer to the Finance Committee the draft Capital Improvements Plan. A motion by Councilwoman McDonald, seconded by Councilwoman McDaniel and the Council unanimously voted to approve all bills as presented.

MAYOR AND COUNCIL REPORTS

Mayor Smith informed Council of that the Mayor's Select Committee on Utility Board Governance had met, that she attended the Region 9 Committee meeting, that American Public University has agreed to assist the City in revamping the City website, that she is meeting with the downtown merchants and that Debbie McClure is working on bringing a car show to downtown.

A motion by Councilwoman McDaniel, seconded by Councilwoman McDonald and the Council unanimously voted to adjourn at 9:30 p.m.

MAYOR: _____ DATE: 08/03/07

CLERK: _____ DATE: 08/03/07

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher

SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. June 18, 2009 20 ____

I hereby certify that the annexed Public Hearing Notice

in the case of Chalres 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

June 18 and June 25, 2009, 20 ____,

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.

Commission expires

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CARA D. YOUNG
JEFFERSON PUBLISHING CO., INC.
P.O. BOX 936
CHARLES TOWN, WV 25414
My Commission Expires January 27, 2019

Notary Public

NOTICE OF PUBLIC HEARING ON THE 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, July 6, 2009, at 7:00 p.m. at City Hall, 101 E. Washington Street, Charles Town, West Virginia, and at such hearing any person interested may appear before the City and present protests, and all protests and suggestions shall be heard by the City and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

CITY OF CHARLES TOWN
(WEST VIRGINIA)

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds (the "Bonds") contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to finance the costs of currently refunding the City's outstanding Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 (the "Series 1998 Bonds"); (ii) to fund the Series 2009 A Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable only from the Gross Revenues to be derived from the 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.

The above-entitled Ordinance was adopted by the Council of the City of Charles Town on June 15, 2009. A certified copy of the above-entitled Ordinance is on file with the City Clerk of the City for review by interested parties during regular office hours.

Following the public hearing, the City intends to enact the Ordinance upon final reading.

Peggy A. Smith, Mayor

6/18/2t

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

AUTHORIZING RESOLUTION OF CITY OF CHARLES TOWN UTILITY BOARD

RESOLUTION RECOMMENDING THE ISSUANCE BY THE CITY OF CHARLES TOWN OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A, IN AN AMOUNT NOT TO EXCEED $8,000,000, WITHIN THE PARAMETERS SET FORTH IN A SUPPLEMENTAL PARAMETERS RESOLUTION TO BE ADOPTED BY THE CITY, FOR THE PURPOSE OF CURRENTLY REFUNDING THE CITY'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998, IN ORDER TO ACHIEVE PRESENT VALUE DEBT SERVICE SAVINGS FOR THE CITY.

WHEREAS, in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and pursuant to an Ordinance enacted by the City of Charles Town, a municipal corporation and political subdivision of the State of West Virginia (the "City") on March 16, 1998 (the "Utility Board Ordinance"), the City created the City of Charles Town Utility Board (the "Utility Board") and vested in the Utility Board the responsibility for the supervision, management, control and operation of the combined waterworks and sewerage system of the City (the "System");

WHEREAS, pursuant to the Act, the City is vested with the authority to issue revenue bonds for the purpose of financing and refinancing the cost of additions, betterments and improvements to the System;

WHEREAS, the City has previously issued its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, in the original aggregate principal amount of $10,355,000 (the "Series 1998 Bonds") for the purpose of refunding previous obligations issued by the City in connection with the combination of the City's existing separate waterworks and sewerage systems and the vesting of the Utility Board with the responsibility for supervision, management, control and operation of the same;

WHEREAS, the City is advised and has determined that it may, subject to market conditions, realize present value debt service savings from the current refunding of its Series 1998 Bonds pursuant to the issuance of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, in an aggregate principal amount not to exceed $8,000,000 (the "Series 2009 A Bonds"), within the parameters set forth in that certain Supplemental Parameters Resolution proposed to be adopted by the City, the form of which is attached hereto and made a part hereof as **EXHIBIT A** (the "Supplemental Resolution"); and

WHEREAS, as the entity vested by the City with responsibility for the supervision, management, control and operation of the System, pursuant to its adoption of this Authorizing Resolution, the Utility Board wishes to recommend to the City that it undertake the issuance of its Series 2009 A Bonds within the parameters set forth in the Supplemental Resolution, for the purpose of achieving present value debt service savings for the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF CHARLES TOWN UTILITY BOARD:

SECTION 1. The Utility Board hereby recommends to the City that it undertake the issuance of its Series 2009 A Bonds for the purpose of repaying in full the entire outstanding principal of and all accrued interest on the City's outstanding Series 1998 Bonds, on the earliest practical redemption date, and subject to market conditions, in order to achieve present value debt service savings for the City.

SECTION 2. The Utility Board hereby recommends the adoption by the City of a Supplemental Resolution substantially in the form attached hereto and made a part hereof as Exhibit A, in connection with its issuance of the Series 2009 A Bonds, and that the terms of the Series 2009 A Bonds be within the parameters set forth in the Supplemental Resolution, which parameters the Utility Board hereby finds to be acceptable and advantageous for the City.

SECTION 3. The Utility Board hereby repeals any resolution or ordinance which it has previously enacted which is inconsistent with the provisions hereof.

SECTION 4. This Authorizing Resolution shall be effective immediately following the adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted this 11th day of June, 2009.

CITY OF CHARLES TOWN UTILITY BOARD

By: _____
Its: Chairman

5192767

CERTIFICATION

Certified a true copy of a resolution duly adopted by the CITY OF CHARLES TOWN UTILITY BOARD on June 11, 2009, which resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this 1st day of December, 2009.

By: _____
Secretary

EXHIBIT A

SUPPLEMENTAL PARAMETERS RESOLUTION

[See Transcript at Tab No. 2]

City of Charles Town

101 East Washington Street, P.O. Box 14, Charles Town, WV 25414
Phone: (304) 725-2311 ♦ Fax: (304) 725-1014 ♦ Web: www.charlestownwv.us

MAYOR
Peggy A. Smith

CITY COUNCIL
Donald Clendening
MaryLois Gannon-Miller
Ruth McDaniel
Sandra Slusher McDonald
Ann Paonessa
Amy Schmitt
Michael Slover
Geraldine Willingham

CITY MANAGER
Jeremy Camp (Acting)

CITY CLERK
Joe Cosentini

AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE,STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 925, WATER SERVICE RATES.

BE IT ORDAINED by the City Council of the City of Charles Town as follows:

That Article 925, Water Rates, Section 925.01, Water Service Rates, be **AMENDED** as follows:

925.01 WATER SERVICE RATES.

USE OF WATER METERS; PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacements, improvements, additions, betterments, extension and maintenance of the water system and for the payment of the sums required to pay the principal and interest on all water revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates, charges and penalties for the use of and services rendered by the municipal water system and works of the City of Charles Town, West Virginia, which schedule, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

RECEIVED
2011 APR 26 AM 8 57
WV PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

APPLICABILITY (SCHEDULE I)

Applicable to entire area served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES

First	10,000 gallons used per month	$8.23 per 1,000 gallons
Next	30,000 gallons used per month	7.00 per 1,000 gallons
Over	40,000 gallons used per month	5.53 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:

5/8" or 5/8" x 3/4"	Meter	$20.58 per month
3/4"	Meter	30.87 per month
1"	Meter	51.45 per month
1-1/2"	Meter	102.90 per month
2"	Meter	164.64 per month
3"	Meter	308.70 per month
4"	Meter	514.50 per month
6"	Meter	1029.00 per month

FLAT RATE

For domestic, commercial or industrial customers - $37.04 for 4,500 gallons per month.

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.

CONNECTION CHARGE

A service connection charge of $350.00 shall be paid for all new service connections.

DISCONNECT FOR NONPAYMENT

Whenever water service has been discontinued for nonpayment of sewer bills, a disconnection fee of $10.00 shall be charged.

RECONNECTION SERVICE CHARGE

Whenever water service which has been previously disconnected or otherwise withheld for nonpayment of sewer bills is reconnected, a fee of $10.00 shall be charged.

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.

SECURITY DEPOSIT

The security deposit for water service shall be $36.50.

RATES FOR FIRE PROTECTION - PUBLIC	
Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	0.20 per annum
RATES FOR FIRE PROTECTION - PRIVATE	
Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	0.20 per annum

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. March 27, 2008 20 ___

I hereby certify that the annexed Notice of Public Hearing

in the case of Water Rate 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 March 27 and April 3, 2008, 20 ___,

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 729
CHARLES TOWN, WV 25414
My Commission Expires January 27, 2009

Cara D. Young
Notary Public

Commission expires

RECEIVED
2008 JUN 5 AM 8 53
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

NOTICE OF PUBLIC HEARING
CITY OF CHARLES TOWN WATER RATE ORDINANCE

A public hearing will be held on Monday, March 3, 2008, at 7:00 p.m. on the following ordinance which has been introduced on February 4, 2008. Any person interested may appear before the City Council of the City of Charles Town at the Charles Town City Hall, 101 E. Washington Street, Charles Town, WV and present any comment or protest thereto. Following which hearing Council shall take such action as it shall deem proper.

AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE,STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 925, WATER SERVICE RATES.

BE IT ORDAINED by the City Council of the City of Charles Town as follows:

That Article 925, Water Rates, Section 925.01, Water Service Rates, be AMENDED as follows:

925.01 WATER SERVICE RATES.

USE OF WATER METERS; PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacements, improvements, additions, betterments, extension and maintenance of the water system and for the payment of the sums required to pay the principal and interest on all water revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates, charges and penalties for the use of and services rendered by the municipal water system and works of the City of Charles Town, West Virginia, which schedule, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

APPLICABILITY (SCHEDULE I)

Applicable to entire area served excluding the subdivisions of Tuscawilla Hills and Locust Hills.

AVAILABILITY

Available for general domestic, commercial and industrial service.

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:

5/8" or 5/8" x 3/4"	Meter	$16.68 per month
3/4"	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 customers - $30.02 for 4,500 gallons per month.

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.

CONNECTION CHARGE

A service connection charge of $350.00 shall be paid for all new service connections.

DISCONNECT FOR NONPAYMENT

Whenever water service has been discontinued for nonpayment of sewer bills, a disconnection fee of $10.00 shall be charged.

RECONNECTION SERVICE CHARGE

Whenever water service which has been previously disconnected or otherwise withheld for nonpayment of sewer bills is reconnected, a fee of $10.00 shall be charged.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

EFFECTIVE DATE

The rates and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Spirit of Jefferson Advocate and Shepherdstown Chronicle, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Charles Town, West Virginia, on May 1, 2006, at 7:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Charles Town, West Virginia.

Passed on First Reading: February 21, 2006
Passed on Second Reading
(following Public Hearing): _____, 2006

BY:
MAYOR

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Charles Town held on February 21, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Charles Town at the City Hall, 101 E. Washington Street, Charles Town, West Virginia, on May 1, 2006, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Charles Town, West Virginia during regular office hours.

BY:/s/Joe Cosentini
2/21/2t CITY CLERK

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.

SECURITY DEPOSIT

The security deposit for water service shall be $36.50.

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	0.20 per annum

(SCHEDULE II)

CAPACITY IMPROVEMENT CAPITAL COST FEE

Capacity Improvement Capital Cost Fee from the date of this tariff:

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 $2,576.00 for each residential connection. Connections for nonresidential 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:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT	GALLONS/DAY	RESIDENTIAL USAGE EQUIVALENT
Single Family unit	150	1.0
Apartments	150/unit	1.0/unit
Bed and Breakfast	150	1.0
Bowling Alleys	200/alley	1.33/alley
Churches		
with kitchens	8/member	0.05/member
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	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/per seat
Hotel	120/room	0.8/per room
Industry	15/person/shift	0.1/person per shift
Institutions		
Hospitals	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 w/ 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
Theatre	3/seat	0.02/seat
Warehouse	15/employees	0.1/employee

If a unit does not appear on this schedule the water department

2008
Water

...SHED IN THE ...JEFFERSON ...ADVOCATE ON ...DAY, April 24, 2008 ...Y 1, 2008 AND THE ...HEPHERDSTOWN ...RONICLE ON FRIDAY, April 25, 2008 and May 2, 2008]

PUBLIC NOTICE OF CHANGE IN WATER RATES OF CITY OF CHARLES TOWN

NOTICE is hereby given that City of Charles Town (the "City"), on April 15, 2008, has adopted an ordinance increasing the Water Rates for the City of Charles Town water system.

The proposed increase will become effective on May 30, 2008, unless otherwise ordered by the Public Service Commission (the "Commission") and will produce approximately $567,197.00 annually in revenue, an increase of 23.46%. The increased rates will be as follows:

	$ INCREASE	INCREASE %
Residential	$379,358.00	23.46%
Commercial	$186,638.00	23.46%
Industrial	$ 1203.00	23.46%

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average.

Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by City of Charles Town operated utility; or

(2) Any customer who is served by City of Charles Town utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a Petition alleging discrimination between customers within and without the City of Charles Town boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the City of Charles Town corporate boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the City of Charles Town utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the office of the City Clerk at Charles Town City Hall, 101 E. Washington St., Charles Town, WV and at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

4:25;5:2 2(0

Certificate of Publication

This is to certify the annexed advertisement

City of Charles Town

Public Notice

appeared for 2 consecutive days/weeks in The Shepherdstown Chronicle, a newspaper published in the City of Shepherdstown, WV in its issue beginning:

4-25-08

and ending

5-2-08

The Shepherdstown Chronicle
P.O. Box 2088
Shepherdstown, WV 25443-2088

Fee$ 130.57

THE STATE OF WEST VIRGINIA
COUNTY OF JEFFERSON

The foregoing instrument was acknowledged before me this 5-12-08 by

B. Hackley.

My commission expires Nov 16, 2014.

Janet M. Lutman
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JANET M. LUTMAN
6566 MARTINSBURG ROAD
BERKELEY SPRINGS, WV 25411
My commission expires November 16, 2014

RECEIVED
2008 JUN 5 AM 8 53
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

March 17, 2008

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 Council Chambers at City Hall in said city on Monday, March 3, 2008 at 7:00 p.m. The following members of Council were present: Donald W. Clendening, MaryLois Gannon-Miller, Ruth McDaniel, Sandra McDonald, Ann Paonessa, Amy Schmitt, Michael Slover and Geraldine Willingham. Mayor Peggy Smith presided and Joseph Cosentini, City Clerk, took the minutes of the meeting. Also present were Jeremy Camp, Acting City Manager, Tara Hostler, Accounting Manager, and Chief Barry Subelsky.

A motion by Councilwoman McDonald, seconded by Councilwoman McDaniel and the Council unanimously voted to dispense with the reading of the minutes dated March 17, 2008. A motion by Councilwoman Willingham, seconded by Councilwoman McDaniel and the Council unanimously voted to approve the minutes dated March 17, 2008 with one correction.

UNFINISHED BUSINESS

Mayor Smith opened the floor for discussion regarding the second reading of an Annexation Ordinance annexing the real estate known as the Fritts Property and Resolution 2008-06 Acceptance of Conditions of Annexation. Upon discussion, a motion by Councilwoman Willingham, seconded by Councilwoman Schmitt and the Council voted 5-4, with Councilwoman Gannon-Miller, Councilwoman McDaniel, Councilwoman Paonessa and Councilman Slover voting against, to approve the second reading of an Annexation Ordinance annexing the real estate known as the Fritts Property and Resolution 2008-06 Acceptance of Conditions of Annexation as presented and as follows:

AN ORDINANCE ANNEXING THE PROPERTY OF
J. RUSSELL FRITTS INC. CONTAINING
98.912 ACRES OF LAND

WHEREAS, West Virginia Code 8-6-4 permits a municipality to, by ordinance, annex additional territory without ordering a vote on the question if (1) a majority of the qualified voters of the 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, J. Russell Fritts Inc. is the owner of the property sought to be annexed and is a West Virginian Corporation, and

WHEREAS, by definition in West Virginia Code 8-6-4(b), J. Russell Fritts Inc. is a qualified voter in the area sought to be annexed, and

WHEREAS, there are no other qualified voters or freeholders in the area sought to be annexed, and

WHEREAS, J. Russell Fritts Inc. constitutes a majority of the qualified voters in the area sought to be annexed, and

WHEREAS, pursuant to West Virginia Code 8-6-4(d) which states if qualified voters of the additional territory sought to be annexed are also freeholders in the additional territory, they may join only and sign one petition in the additional territory sought to be annexed, and

WHEREAS, pursuant to West Virginia Code 8-6-4(f) which states if all of the eligible petitioners are qualified voters, then only a voters petition is required, and

WHEREAS, the City of Charles Town has determined that the property sought to be annexed is contiguous and adjacent to the municipal boundary lines of the City of Charles Town pursuant to the description attached to the petition, and

WHEREAS, the property that is sought to be annexed is in the Charles Town District and is shown on the maps of the Charles Town District as Map 9, Parcel 1, and

NOW, THEREFORE, WITNESSETH: That the undersigned, being a majority of the qualified eligible voters of the additional territory sought to be annexed, and the freeholders of the additional territory sought to be annexed, do hereby petition the City of Charles Town to include in its municipal boundaries by annexation, without election, all of that certain parcel of real estate as more particularly described in Exhibit A hereto. This parcel of land is contiguous and adjacent to the municipal boundary.

Dated this 17th day of March, 2008.

City of Charles Town
By: /s/ Peggy A. Smith
Peggy A. Smith, Mayor

First Read: 03/03/08
Second Read: 03/17/08

Resolution 2008-06
An Acceptance of Conditions of Annexation for the Fritts Property

WHEREAS, J. Russell Fritts Inc. presented their petition for annexation of their property to the Mayor and City Council, and

WHEREAS, the said petition for annexation was received and was referred to the Finance Committee of the City for further review and analysis, and

WHEREAS, said Finance Committee has convened, and after review of the information presented to it, has reached certain conclusions and has made recommendations, and

WHEREAS, the petition for annexation was next referred to the City of Charles Town Planning Commission for further review and analysis for its recommendation to Council, and

WHEREAS, at said meeting of the Planning Commission they adopted a recommendation that the property be zoned Neighborhood Residential (NR), and

WHEREAS, through direct negotiation, J. Russell Fritts Inc., the Planning Commission, the Finance Committee, the City Council of the City of Charles Town, and City Staff have compiled a list of conditions of annexation to be made by the developers and property owners which are subject to the annexation for the use and benefit of the City of Charles Town (hereinafter attached to as Exhibit 1: Conditions of Annexation for the Fritts Property), and

NOW, THEREFORE, WITNESSETH: That the property owners of the property known as Prospect Place, 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 into the corporate boundaries of Charles Town the territory owned by J. Russell Fritts Inc.

B. The City will subject the territory so annexed to Neighborhood Residential zoning.

C. The property owners will offer all terms set forth in Exhibit 1 for the use and benefit of the City of Charles Town upon the terms and conditions herein set forth.

D. The property owners agree to execute further assurances or agreements 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 conditions of annexation.

NOW, THEREFORE, BE IT RESOLVED; By the City Council of the City of Charles Town, to accept and approve the ordinance for annexation of J. Russell Fritts Inc. 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: March 17, 2008

CITY OF CHARLES TOWN:
/s/ Peggy A. Smith
Peggy A. Smith, Mayor

Attest:
/s/ Joe Cosentini
City Clerk

CONDITIONS OF ANNEXATION
FOR PROPERTY OF J. RUSSELL FRITTS, INC.

The Petitioner, J. Russell Fritts, Inc. for property owned by J. Russell Fritts, Inc., herein also referred to as "The Property", "Fritts Property" or similar language, and as identified by Parcel 1, Tax Map 9, Charles Town District, agrees to the following conditions of annexation if the property is annexed into the City of Charles Town, herein also referred to as "The City" and "Charles Town."

Impact statements pertaining to the City of Charles Town Annexation Policy Evaluation Criteria, and all proposed voluntary contributions, submitted as conditions of annexation, are as follows:

PLANNING & ZONING COMPLIANCE – EVALUATION CRITERIA #1:

Evaluation Criteria 1A – Comprehensive Plan
This annexation is consistent with the City of Charles Town Comprehensive Plan per the following:

Chapter 3 – Charles Town's Vision for the Future

- Commerce and Industry – The Fritts Property will have a positive impact on the commerce and industry in Charles Town. The Fritts Property will offer between ten (10) to twenty (20) acres of commercial development which in turn will provide opportunity for the creation of new jobs and increased local tax revenue. As a consequence, petitioner reserves the right to request the City to amend the conditions of annexation and to potentially rezone the property to allow for the possible expansion of commercial uses within the site.

- Safety and Walkability - The Petitioner's current plans for the Property will promote walkability, with the incorporation of a walking trail or path in the proposed city park which will be linked to the sidewalks to be developed on the Property in both the proposed commercial and portions of the proposed residential sections of the property as deemed appropriate. The Fritts Property will promote safety in the community and Charles Town by completing the linking of recently annexed property (Langlet property) to the West Virginia Route 340 bypass and by connecting this property and recently annexed property to other recently annexed property (Prospect Place) via a new connecting road. This new connecting road would be consistent with the draft Charles Town Transportation Plan. This linkage via City street will have street lights and will meet other City requirements for safety purposes.

- Affordable Living – The Petitioner intends to have multi-family housing, townhome and single family detached residential units on the Property, possibly including housing targeted and restricted to persons over the age of fifty-five (55), adding to the types of residential units found in the City which could provide affordable housing for median income families. In addition, and as specified below, Workforce Housing shall be provided.

- Jobs – Upon completion of the project, the Property's commercial component will provide long-term employment opportunities. During the development of the property and the construction of individual units, the development of the Property will provide jobs in the local construction trades. New housing units will also create additional jobs in the community through the provision of services to the residents. Housing units targeted to those persons aged fifty-five (55) and older, will create new job opportunities as those types of units require services above and beyond those required in other types of new residential units.

- Infrastructure – The Petitioner is providing the infrastructure for the Property by building the necessary roads and stormwater management

facilities. Water service for the development of the Property will be from the City of Charles Town Water Department. Sewer service for the development of the Property will be from Willow Spring Public Service Corporation and will not impact the City of Charles Town's sewer plant.

- Beautification – In keeping with the City's beautification efforts, the Petitioner shall donate a minimum of twenty (20) acres for a city park around Cattail Run and its accompanying unnamed tributary. The Petitioner will submit the park plan as part of its overall Schematic Plan proposal for the development and shall submit its landscaping plan to the City of Charles Town tree board and will provide landscaping throughout the Property in accordance with the requirements of the City's ordinances.

- Parks, Trails, Greenspace, and Recreation – As specified above, the Petitioner will donate land to the City of Charles Town for a city park along and buffering Cattail Run and unnamed tributary. This park would also run along the new street linking recently annexed property and the West Virginia Route 340 bypass providing a green space along one of the City's newest corridors. In addition to the donation of twenty (20) plus acres for a linear park, the Fritts Property will provide a donation of at least one and a half (1 ½) acres, void of any environmental features (i.e. wetlands, floodplains, steep slopes, etc.), along the proposed connector road for a neighborhood park. All donated parkland shall be dedicated to the City no later than ten (10) years from the date of annexation. As a requirement of development, a trail shall be constructed by the developer along Cattail Run from the adjacent property recently annexed by the City (Langlet Property), and shall connect with Keye's Ferry Road. This trail shall be a standard width of six (6) feet and shall be constructed with a hard surface material (i.e. asphalt).

Evaluation Criteria 1B – Urban Zoning

The following Charles Town zoning classification is requested with this annexation and is appropriate and will promote urban development on the Property ensuring orderly future growth that is consistent with the Charles Town growth policy.

The Fritts Property, as defined herein, consisting of approximately 98.912 acres, shall be zoned NR (Neighborhood Residential); provided that, the modifications expressly stated below will supersede City ordinance standards where applicable:

- No single family residential or duplex lot shall be smaller than five thousand (5,000) square feet or be larger than one acre (1 acre).
- The development of the property shall be limited as to residential use to 370 residential dwelling units.
- The development shall be designed so the larger single-family lots are located adjacent to the adjoining residential single-family lots in the County.

Evaluation Criteria 1C – Contiguous Location

The Property satisfies the requirements of the Code of West Virginia and is contiguous to the existing corporate limits of the City of Charles Town.

Evaluation Criteria 1D – Transportation Planning

This annexation is compatible with the City's efforts to coordinate land use and transportation planning and to avoid adverse traffic impacts on the community. To this end, the Petitioners agree to the following:

All non-state roads shall be designed to meet the City's design guidelines to serve the eventual users, residents and tenants of the road network. The connector road connecting the Route 340 Bypass with the planned road on the adjacent Langlet property recently annexed by the City shall be dedicated to the City with an eighty (80) foot wide right-of-way, except where the Planning Commission may decide a lesser width would be acceptable or necessary.

Connectivity of any internal roads and/or parking lot facilities shall be provided between adjoining properties to the greatest extent feasible, as determined by the Planning Commission and the developer of the Property.

A transportation study shall be prepared by a qualified professional and submitted as information for the Planning Commission's consideration during the Schematic Plan review process. This transportation study shall be prepared using the methodology determined acceptable by the West Virginia Department of Transportation, Division of Highways for transportation studies. The transportation study shall specify the on-site and off-site transportation improvements that are determined to be necessary for maintaining acceptable levels of service of proposed and existing transportation facilities which are impacted by the development of the Property. Unless later agreed by the government body of Charles Town, no costs shall be incurred by the City for the construction of new, or upgrading of existing, transportation facilities.

ECONOMIC GROWTH – EVALUATION CRITERIA #2:

This annexation increases the City's ability to create quality jobs and establish retail and commercial businesses because it provides at least ten (10) acres designed for commercial uses along the Route 340 Bypass. Furthermore, and as jointly determined by the Petitioner and City, the development of this property shall be done in a manner that emphasizes good aesthetics from the viewshed of the Route 340 Bypass.

AFFORDABLE HOUSING – EVALUATION CRITERIA #3

- This annexation will provide townhome and single family residential units on the Property, possibly including housing targeted and restricted to persons over the age of fifty-five (55), which will provide an additional housing stock type in the City which may provide affordable options for some median family income households.

- A minimum of twenty (20) units, either single-family detached or townhouse or a combination of the same, shall be developed and sold as Workforce Housing, in accordance to the rules and requirements approved by the City of Charles Town's Housing Opportunity Board.

PROTECTION OF RESOURCES – EVALUATION CRITERIA #4

The Petitioner intends to protect and buffer the Cattail Run by providing land for a park to be donated to the City of Charles Town. In addition, all known environmental features, including, but not limited to, sinkholes, floodplain, wetland, natural waterways, natural drainage ways, and woodlands shall be identified on individual site plans. Any disturbance of environmental features shall be limited unless it is demonstrated that all city, county, state, and federal regulations are complied with.

A regional stormwater management area may be considered by the Planning Commission within the twenty (20) plus acre parkland, but shall be subject to approval by both entities. Regarding the future development of the Fritts Property by the owner, vegetation and land disturbance within the boundaries of the twenty (20) plus acre park area shall be restricted, except where Best Management Practices (BMPs) are utilized in accordance with the engineering standards found in the Virginia Stormwater Management Handbook and the Virginia Erosion and Sediment Control Handbook.

MUNICIPAL INFRASTRUCTURE AND SERVICES – EVALUATION CRITERIA #5

The Petitioner is providing the infrastructure for the Property by building the necessary roads and stormwater management facilities. Water service for the development of the Property will be from the City of Charles Town Water Department. Sewer service for the development of the Property will be from Willow Spring Public Service Corporation and will not impact the City of Charles Town's sewer plant.

FISCAL IMPACT – EVALUATION CRITERIA #6

This annexation will provide a positive fiscal impact from the future businesses that will locate within the annexed area through increased B&O tax collections.

The parties hereby acknowledge that there are cases currently pending in the state courts in which the imposition of county impact fees within municipal limits is in issue. The rulings in these cases may or may not affect the applicability of county impact fees to developments in the subject annexed territory. The parties acknowledge that the conditions of annexation required hereafter are not intended to result in a double payment by the Petitioner, its successors and assigns, of contributions, through both impact fees and conditions of annexation, to support services impacted by the uses to be developed in the subject territory. Accordingly, the following conditions of annexation shall apply:

(1) For any commercial development on the Property, the Petitioner agrees to pay, at the required time, amounts of contributions to the City, as conditions of annexation, equal to the impact fees that the Petitioner would have had to pay to the Jefferson County Commission had the Petitioner's property not become annexed into the City. The City agrees not to assess any other type of fee, assessment or other charge upon the Petitioner's property that would otherwise be due solely as a condition of annexation, such as the Capital Cost Fee and the Non-Capital Cost Fee. The funds paid to the City of Charles Town required by this paragraph as a condition of annexation shall be held in escrow until the cases now pending are resolved. If the rulings in the pending cases would result in the application of county impact fees to the subject territory, the funds paid to the City of Charles Town hereunder would be applied to such fees. If the rulings in the pending cases would not result in the application of county impact fees to the subject territory, the funds paid to the City of Charles Town hereunder would be refunded to the Petitioner.

(2) Separate from any applicable County school impact fees, the development of the Fritts Property shall be subject to the payment of monetary funds aimed at mitigating the impacts of development on the City of Charles Town. The owner of the Fritts Property, voluntarily agrees to donate $948 for capital improvement costs, and $4,500 for non-capital costs, to the City of Charles Town for each residential unit. These fees are subject to adjustment by the City on a bi-annual basis, starting from the time the annexation is recorded by the County Commission. The City shall provide to the Petitioner a written 60-day advanced notice of the increase with the supporting documentation to justify the fee increase. These fees shall be payable to the City upon the issuance of the building permit for residential structures, and shall be deemed voluntary and not subject to the right of appeal. Residential units provided to the City for the purpose of Workforce Housing, as defined by the City, shall be exempt from having to pay the capital and non-capital cost payments due to the City.

The Fritts Property shall not request offsets to the aforementioned voluntary non-monetary contributions cited herein.

In addition to all standard City fees, County school impact fees, and all voluntary fees mentioned herein, the Petitioner agrees to pay to the City all other additional impact fees declared by the County Commission as being owed for property developed in the City; provided that, these fees shall only be paid while the legal issues pertaining to the pending court cases are unresolved. Furthermore, these funds shall be held in escrow until the cases now pending are resolved. Minus all costs incurred by the City for administering the escrow, the interest earned while these funds are held in escrow shall be paid to the Petitioner. If the rulings in the pending cases would result in the application of county impact fees to the subject territory, the additional impact fees paid to the City of Charles Town hereunder would be applied to such fees and any remainder would be refunded to the Petitioner. If the rulings in the pending cases would not result in the application of county impact fees to the subject territory, the funds paid to the City of Charles Town hereunder would be refunded to the Petitioner.

The City agrees not to assess any other type of fee, assessment or other charge upon the Petitioner's property that would otherwise be due solely as a condition of annexation other than the fees specifically mentioned in this section (2). Nothing contained herein is intended to relieve the Petitioner, its successors and assigns, of the obligation to pay county impact fees for schools if such fees are applicable to the type of residential unit ultimately developed on the Property, which obligation, if applicable to such residential unit, both parties acknowledge is unaffected by the annexation conditions provided herein, and which obligation, if applicable to such residential unit, is specifically required by the Settlement Agreement dated October 1, 2004, in Civil Action No. 04-C-194 in the Circuit

Court of Jefferson County.

All of the above voluntary contributions offered in this document as conditions of this annexation shall be binding to all of the above-described property that is annexed into the City of Charles Town. The property owners shall ensure that these restrictions are conveyed with the property to all future assigns and/or transferees of all or any part of the subject property, excluding land given to the City of Charles Town, West Virginia Department of Transportation, or other local, state or federal government entity. These conditions of annexation shall be fully enforceable.

Dated this 17th day of March, 2008.

/s/ J. Russell Fritts
Petitioner

/s/ Peggy A. Smith
City of Charles Town, Mayor

Mayor Smith opened the floor for discussion regarding the second reading of an Annexation Ordinance annexing the real estate known as the Jamison Property and Resolution 2008-07 Acceptance of Conditions of Annexation. Upon discussion, a motion by Councilwoman Willingham, seconded by Councilwoman Schmitt and the Council voted 7-1, with Councilwoman Paonessa voting against, to approve the second reading and Resolution 2008-07 Acceptance of Conditions of Annexation as presented and as follows:

AN ORDINANCE ANNEXING THE PROPERTY OF
FLOYD R. JAMISON AND JOYCE G. JAMISON CONTAINING
1.565 ACRES OF LAND

WHEREAS, West Virginia Code 8-6-4 permits a municipality to, by ordinance, annex additional territory without ordering a vote on the question if (1) a majority of the qualified voters of the 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, Floyd R. Jamison and Joyce G. Jamison are the owners of the property sought to be annexed and they are also qualified voters in the area sought to be annexed, and

WHEREAS, Barry L. Grimm also signed a petition seeking to annex the property as a resident on the property, but that Barry L. Grimm is not a freeholder nor is he a qualified voter in the area sought to be annexed, and

WHEREAS, pursuant to West Virginia Code 8-6-4(d) which states if qualified voters of the additional territory sought to be annexed are also freeholders in the additional territory, they may join only and sign one petition in the additional territory sought to be annexed, and

WHEREAS, pursuant to West Virginia Code 8-6-4(f) which states if all of the eligible petitioners are qualified voters, then only a voters petition is required, and

WHEREAS, there are no other qualified voters or freeholders in the area sought to be annexed, and

WHEREAS, Floyd R. Jamison and Joyce G. Jamison constitute a majority of the qualified voters in the area sought to be annexed, and

WHEREAS, the City of Charles Town has determined that the property sought to be annexed is contiguous and adjacent to the municipal boundary lines of the City of Charles Town pursuant to the description attached to the petition, and

WHEREAS, the property that is sought to be annexed is in the Charles Town District and is shown on the Assessor's map of the Charles Town District as Map 10, Parcel 8.5, and

NOW, THEREFORE, WITNESSETH: That the undersigned, being a majority of the qualified eligible voters of the additional territory sought to be annexed, and the freeholders of the additional territory sought to be annexed, do hereby petition the City of Charles Town to include in its municipal boundaries by annexation, without election, all of that certain parcel of real estate as more particularly described in Exhibit A hereto. This parcel of land is contiguous and adjacent to the municipal boundary.

Dated this 17th day of March, 2008.

City of Charles Town
By: /s/ Peggy A. Smith
Peggy A. Smith, Mayor

First Read: 03/03/08
Second Read: 03/17/08

Resolution 2008-07
An Acceptance of Conditions of Annexation for the Jamison Property

WHEREAS, Floyd R and Joyce G. Jamison presented their petition for annexation of their property to the Mayor and City Council, and

WHEREAS, the said petition for annexation was received and was referred to the Finance Committee of the City for further review and analysis, and

WHEREAS, said Finance Committee has convened, and after review of the information presented to it, has reached certain conclusions and has made recommendations, and

WHEREAS, the petition for annexation was next referred to the City of Charles Town Planning Commission for further review and analysis for its recommendation to Council, and

WHEREAS, the Planning Commission adopted a recommendation that the property be zoned Residential Single Family (RS), and

WHEREAS, through direct negotiation, Floyd R. and Joyce G. Jamison, the Planning Commission, the Finance Committee, the City Council of the City of Charles Town, and City Staff have compiled a list of conditions of annexation to be made by the developers and property owners which are subject to the annexation for the use and benefit of the City of Charles Town (hereinafter attached to as Exhibit 1: Conditions of Annexation for the Jamison Property), and

NOW, THEREFORE, WITNESSETH: That the property owners of the property known as Prospect Place, 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 into the corporate boundaries of Charles Town the territory owned by Floyd R. and Joyce G. Jamison.

B. The City will subject the territory so annexed to Residential Single Family zoning.

C. The property owners will offer all terms set forth in Exhibit 1 for the use and benefit of the City of Charles Town upon the terms and conditions herein set forth.

D. The property owners agree to execute further assurances or agreements 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 conditions of annexation.

NOW, THEREFORE, BE IT RESOLVED; By the City Council of the City of Charles Town, to accept and approve the ordinance for annexation of Floyd R. and Joyce G. Jamison 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: March 17, 2008

CITY OF CHARLES TOWN:
/s/ Peggy A. Smith
Peggy A. Smith, Mayor

Attest:
/s/ Joe Cosentini
City Clerk

CONDITIONS OF ANNEXATION
FOR
PROPERTY OF THE JAMISON PROPERTY

The Petitioner and property owners, Floyd R. Jamison and Joyce G. Jamison, herein also referred to as "The Property", "Jamison Property", "The Petitioner", "The Property Owners", or similar language, and as identified by Parcel 10, Tax Map 3, Charles Town District, agrees to the following conditions of annexation if the property is annexed into the City of Charles Town, herein referred to as "The City", "Charles Town", or similar.

Impact statements pertaining to the City of Charles Town Annexation Policy Evaluation Criteria, and all proposed voluntary contributions, submitted as conditions of annexation, are as follows:

PLANNING & ZONING COMPLIANCE – EVALUATION CRITERIA #1:

Evaluation Criteria 1A – Comprehensive Plan

This annexation is consistent with the City of Charles Town Comprehensive Plan per the following:

Chapter 3 – Charles Town's Vision for the Future

- Commerce and Industry – The Jamison Property is located in an area suitable for potential residential development which would support other necessary uses, such as commercial and recreational.
- Safety and Walkability – The Property is located adjacent to other planned development areas and will be developed in a way that promotes connectivity, both pedestrian and vehicular.
- Affordable Living – No special affordable housing component is proposed in association with the Property being proposed for annexation.
- Jobs – This annexation is anticipated to have a neutral impact on local job creation.
- Infrastructure – Upon annexation and development, the Property will be designed and constructed to all applicable City standards in regards to infrastructure.
- Beautification – The Property will be designed to meet all city standards in regards to landscaping and other elements that support beautification of the neighborhood, which would promote a more livable community.
- Parks, Trails, Greenspace, and Recreation – As noted above, the standard Capital and Non-Capital Cost Fees to the City are proposed with this annexation, which would contribute to the City's Park System.

Evaluation Criteria 1B – Urban Zoning

The Planning Commission agrees that the future development and subdivision of the parcel into as many as three (3) residential lots with a minimum lot size of 12,000 square feet would be compatible with the neighborhood and consistent with the City of Charles Town's Comprehensive Plan. Therefore, the Planning Commission supports designating the property in the RS (Residential Single-Family) District. The Property Owners agree to comply with the City's design standards and requirements as necessary for property zoned RS (Residential Single-Family) District.

Evaluation Criteria 1C – Contiguous Location

The Property satisfies the requirements of the Code of West Virginia and is contiguous to the existing corporate limits of the City of Charles Town.

Evaluation Criteria 1D – Transportation Planning

No transportation study shall be required for the further development or subdivision of the Property. However, the Property Owner agrees to design any future subdivision or development in a way that allows for the extension of Fourth Street (referred to as Euclid Ave.), unless otherwise waived by the Planning Commission. Furthermore, as a condition of development, and if it is determined necessary at the engineering stage, the Property Owner would dedicate a small portion of the Property to the City, or other legal entity, for the purpose of allowing adequate room for the extension of Fourth Street.

ECONOMIC GROWTH – EVALUATION CRITERIA #2:

The Jamison Property has a neutral impact towards economic growth in the City, but would support housing for the future labor force, which is a necessary component for attracting businesses.

AFFORDABLE HOUSING – EVALUATION CRITERIA #3

No special affordable housing conditions are proposed.

PROTECTION OF RESOURCES – EVALUATION CRITERIA #4

All City requirements shall be complied with prior to and during any construction activities that take place on the property.

MUNICIPAL INFRASTRUCTURE AND SERVICES – EVALUATION CRITERIA #5

The Petitioner is providing the infrastructure for the Property by building the necessary roads and stormwater management facilities. Water service for the development of the Property will be from the City of Charles Town Water Department. Sewer service for the development of the Property will be from Willow Spring Public Service Corporation or the City of Charles Town Utilities.

FISCAL IMPACT – EVALUATION CRITERIA #6

The parties hereby acknowledge that there are cases currently pending in the state courts in which the imposition of county impact fees within municipal limits is in issue. The rulings in these cases may or may not affect the applicability of county impact fees to developments in the subject annexed territory. The parties acknowledge that the conditions of annexation required hereafter are not intended to result in a double payment by the Petitioner, its successors and assigns, of contributions, through both impact fees and conditions of annexation, to support services impacted by the uses to be developed in the subject territory. Accordingly, the following conditions of annexation shall apply:

(1) For any commercial development on the Property, the Petitioner agrees to pay, at the required time, amounts of contributions to the City, as conditions of annexation, equal to the impact fees that the Petitioner would have had to pay to the Jefferson County Commission had the Petitioner's property not become annexed into the City. The City agrees not to assess any other type of fee, assessment or other charge upon the Petitioner's property that would otherwise be due solely as a condition of annexation, such as the Capital Cost Fee and the Non-Capital Cost Fee. The funds paid to the City of Charles Town required by this paragraph as a condition of annexation shall be held in escrow until the cases now pending are resolved. If the rulings in the pending cases would result in the application of county impact fees to the subject territory, the funds paid to the City of Charles Town hereunder would be applied to such fees. If the rulings in the pending cases would not result in the application of county impact fees to the subject territory, the funds paid to the City of Charles Town hereunder would be refunded to the Petitioner.

(2) Separate from any applicable County school impact fees, the development of the Jamison Property shall be subject to the payment of monetary funds aimed at mitigating the impacts of development on the City of Charles Town. The owner of the Jamison Property, voluntarily agrees to donate $948 for capital improvement costs, and $4,500 for non-capital costs, to the City of Charles Town for each residential unit. These fees are subject to adjustment by the City on a bi-annual basis, starting from the time the annexation is recorded by the County Commission. The City shall provide to the Petitioner a written 60-day advanced notice of the increase with the supporting documentation to justify the fee increase. These fees shall be payable to the City upon the issuance of the building permit for residential structures, and shall be deemed voluntary and not subject to the right of appeal. Residential units provided to the City for the purpose of Workforce Housing, as defined by the City, shall be exempt from having to pay the capital and non-capital cost payments due to the City.

The Jamison Property shall not request offsets to the aforementioned voluntary non-monetary contributions cited herein.

In addition to all standard City fees, County school impact fees, and all voluntary fees mentioned herein, the Petitioner agrees to pay to the City all other additional impact fees declared by the County Commission as being owed for property developed in the City; provided that, these fees shall only be paid while the legal issues pertaining to the pending court cases are unresolved. Furthermore, these funds shall be held in escrow until the cases now pending are resolved. Minus all costs incurred by the City for administering the escrow, the interest earned while these funds are held in escrow shall be paid to the Petitioner. If the rulings in the pending cases would result in the application of county impact fees to the subject territory, the additional impact fees paid to the City of Charles Town hereunder would be applied to such fees and any remainder would be refunded to the Petitioner. If the rulings in the pending cases would not result in the application of county impact fees to the subject territory, the funds paid to the City of Charles Town hereunder would be refunded to the Petitioner.

The City agrees not to assess any other type of fee, assessment or other charge upon the Petitioner's property that would otherwise be due solely as a condition of annexation other than the fees specifically mentioned in this section (2). Nothing contained herein is intended to relieve the Petitioner, its successors and assigns, of the obligation to pay county impact fees for schools if such fees are applicable to the type of residential unit ultimately developed on the Property, which obligation, if applicable to such residential unit, both parties acknowledge is unaffected by the annexation conditions provided herein, and which obligation, if applicable to such residential unit, is specifically required by the Settlement Agreement dated October 1, 2004, in Civil Action No. 04-C-194 in the Circuit Court of Jefferson County.

All of the above voluntary contributions offered in this document as conditions of this annexation shall be binding to all of the above-described property that is annexed into the City of Charles Town. The property owners shall ensure that these restrictions are conveyed with the property to all future assigns and/or transferees of all or any part of the subject property, excluding land given to the City of Charles Town, West Virginia Department of Transportation, or other local, state or federal government entity. These conditions of annexation shall be fully enforceable.

Dated this 17th day of March, 2008.

/s/ Floyd Jamison
Petitioner (Property Owner)

/s/ Joyce Jamison
Petitioner (Property Owner)

/s/ Peggy A. Smith
City of Charles Town, Mayor

NEW BUSINESS

Mayor Smith opened the floor for discussion regarding the EPA Brownfields Assessment Grant discussion. Upon discussion, a motion by Councilman Clendening, seconded by Councilwoman Willingham and the Council unanimously voted to send a letter to the City of Ranson requesting the use of the grant funds for Phase II environmental studies of the People Supply property and the Public Works Yard.

Mayor Smith opened the floor for discussion regarding the Baptist Church House. Upon discussion, a motion by Councilman Slover, seconded by Councilwoman Paonessa and the Council voted 6-2, with Councilwoman Schmitt and Councilwoman Willingham voting against, to draft a letter to send to the Church asking for an alternative to the demolition of the house.

Mayor Smith opened the floor for discussion regarding the first reading of an "AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 925, WATER SERVICE RATES" as revised from previously adopted version. A motion by Councilwoman Gannon-Miller, seconded by Councilwoman Schmitt and the Council unanimously voted to approve first reading of an "AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 925, WATER SERVICE RATES" as presented.

Mayor Smith opened the floor for discussion of the letter of support for the Old Opera House WVSHPO Grant. A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously voted to send a letter of support for the Old Opera House WVSHPO Grant application.

Mayor Smith opened the floor for discussion regarding the FY08/09 City of Charles Town budget. A motion by Councilman Clendening, seconded by Councilwoman Willingham and the Council unanimously voted to approve the FY08/09 City of Charles Town budget as presented.

Mayor Smith opened the floor for discussion regarding Charles Town Spring Clean-up. Upon discussion, a motion by Councilman Slover, seconded by Councilman Clendening and the Council unanimously voted to set the 2008 Charles Town Spring Clean-up for April 21-25 and have staff look into the possibility of having hazardous waste delivered to the maintenance yard for disposal by a licensed contractor.

Mayor Smith opened the floor for discussion regarding the April Council meeting schedule. A motion by Councilwoman Schmitt, seconded by Councilwoman Paonessa and the Council unanimously voted to schedule the April meeting dates for the 15th and the 21st.

Mayor Smith opened the floor for discussion regarding the Gateway Building LLC Agreement. Director Camp informed the Council of the agreement. A motion by Councilman Clendening, seconded by Councilwoman Willingham and the Council unanimously voted to approve the Gateway Building LLC Agreement as presented.

REFERRALS TO COMMITTEE

A motion by Councilwoman Schmitt, seconded by Councilman Slover and the Council unanimously voted to refer to the Finance Committee donation requests from the Charles Town Library, the Charles Town/Ranson Little League, Old Opera House, Friends of Happy Retreat, Independent Fire Company, the Arts & Humanities Alliance of Jefferson County, the Jefferson County Coalition on Substance Abuse, Inc. dba Focus Coalition, Charles Town Health Right, Inc. dba Eastern Panhandle Free Clinic, Birthright of Ranson, CASA of the Eastern Panhandle, the Jefferson County Ambulance Authority and the Kiwanis Club of Charles Town.

A motion by Councilwoman McDaniel, seconded by Councilman Clendening and the Council unanimously voted to approve all bills as presented.

MAYOR AND COUNCIL REPORTS

Mayor Smith informed the Council that the money needed for the production of the Road Trip to History program has been donated by Charles Town Races & Slots, United Bank, Jefferson Security Bank, Bank of Charles Town and American Public University and presented Council with a draft Welcome Packet that could be handed out to citizens as they apply for water

service. Councilwoman Paonessa, Ward III, informed Council that the Parks and Recreation Board is looking for Council comment on a draft resolution to form a joint study committee on the consolidation of the Charles Town and Ranson Parks and Recreation Commissions, that the Jefferson County Youth Board has donated $1,400.00 for the purchase of park benches for the Skate Park and that there should be an agenda item on the next Council meeting opposing toll roads. Councilwoman Willingham, Ward IV, informed Council that she would like to see a resolution placed on the next Council agenda opposing the proposed tax increase by the Jefferson County Commission. Councilman Slover, Ward IV, informed Council that the leaf vacuum will be picking up leaves raked to the curb in the month of April.

CHIEF OF POLICE REPORT

Chief Subelsky informed Council that Ptlm. Sam Smith was injured during a training exercise last week, that he attended a grant writing workshop and that the Department would like to donate unused cruisers to the Jefferson County Deputy Sheriffs Office and the Berkeley Springs Sheriff's Department. A motion by Councilman Clendening, seconded by Councilwoman Willingham and the Council unanimously voted to donate the cruisers.

DONATION POLICY COMMITTEE REPORT

Councilman Slover and Councilman Clendening informed Council of the Donation Policy. Upon discussion, a motion by Councilwoman Paonessa, seconded by Councilwoman Schmitt and the Council unanimously voted to approve the policy with five amendments and is as follows:

Donation Request Policy

PURPOSE: To establish a uniform policy and procedure for administering the annual donation budget of the City of Charles Town.
STATEMENT: It is the policy of the City of Charles Town that all organizations requesting funding complete an application and follow the procedure outlined in this policy.
PROCEDURE:

1. The City of Charles Town shall appropriate a certain amount of its annual budget to fund organizations that tend to directly benefit a significant segment of the citizens of the City of Charles Town.

2. Eligibility. Generally, eligible organizations include:

   a. Public charities (501 (c) 3 or 4 non-profit organizations)

   b. Fraternal and/or civic organizations that contribute to the betterment of the community

   c. Independent youth sports leagues

   d. Materiel support for schools located within the City limits of Charles Town or serve a significant number of Charles Town residents

Generally, funding shall not be considered for the following:

a. Clubs, organizations or sports teams affiliated with any churches, religious groups or not open to the general public

b. Individuals for travel or costs associated with pageants, academic competitions or other contests

c. Other government bodies, agencies or entities who are providing the same or similar service or events already being provided by the City of Charles Town

3. Funding Considerations. Eligible organizations may apply for funding for capital expenses, special projects, events and/or general operating funds. Priority for funding will be given to organizations and/or projects that:

a. Provide vital services to the community that are not duplicated by the City including, but not limited to: public safety, health and human services, youth, recreation, cultural programs and the arts.

b. Demonstrate fiscal responsibility and community impact

c. Are located within the City limits of Charles Town and/or serve a significant number of City residents.

d. Seek funding for capital expenses and special projects

4. Program Dates. Applications for donation must be received between January 1 and March 31 for consideration. Upon City Council approval, annual awards will be issued no later than June 30.

Reporting. Organizations awarded funds of $500.00 and above are required to submit a Spending Report between October 1 and December 31. Failure to complete/submit this report could result in loss of eligibility for future funding.

FINANCE COMMITTEE

Councilwoman Willingham informed Council that the Finance Committee had met and makes the following recommendations:

1. Hotel/motel tax be increased from 5% to 6% effective July 1, 2008

2. Approval of the replacement materials for the Charles Towers crosswalk to be paid from the Street budget

3. Approval of the Lawrence Street parking lot lease for a five-year period at $1,700 per year

4. Approval of the work to be done by AE Piercy at City Hall to be paid from the City Hall budget

A motion by Councilwoman Schmitt, seconded by Councilwoman McDonald and the Council unanimously voted to approve the Finance Committee recommendations as presented.

A motion by Councilwoman McDaniel, seconded by Councilwoman McDonald and the Council unanimously voted to adjourn at 8:04 p.m.

MAYOR: _____ DATE: 04/15/08

CLERK: _____ DATE: 04/15/08

April 15, 2008

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 Council Chambers at City Hall in said city on Tuesday, April 15, 2008 at 7:00 p.m. The following members of Council were present: Donald W. Clendening, MaryLois Gannon-Miller, Ruth McDaniel, Sandra McDonald, Ann Paonessa, Amy Schmitt, Michael Slover and Geraldine Willingham. Mayor Peggy Smith presided and Joseph Cosentini, City Clerk, took the minutes of the meeting. Also present were Jeremy Camp, Acting City Manager, Tara Hostler, Accounting Manager, and Chief Barry Subelsky.

A motion by Councilwoman McDonald, seconded by Councilwoman McDaniel and the Council unanimously voted to dispense with the reading of the minutes dated March 17, 2008. A motion by Councilwoman Willingham, seconded by Councilwoman McDaniel and the Council unanimously voted to approve the minutes dated March 17, 2008 as presented.

NEW BUSINESS

Mayor Smith opened the floor for discussion regarding the public hearing and second reading of an "AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 925, WATER SERVICE RATES" as revised from previously adopted version. A motion by Councilwoman Gannon-Miller, seconded by Councilwoman McDonald and the Council unanimously voted to open the public hearing for public comment at 7:01 p.m. Being no comments, a motion by Councilwoman Willingham, seconded by Councilwoman McDonald and the Council unanimously voted to close the public hearing. A motion by Councilman Clendening, seconded by Councilman Slover and the Council unanimously voted to approve second reading of an "AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 925, WATER SERVICE RATES" as presented and is as follows:

AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES & PUBLIC SERVICES, CHAPTER THREE, UTILITIES, ARTICLE 925, WATER SERVICE RATES.

BE IT ORDAINED by the City Council of the City of Charles Town as follows:
That Article 925, Water Rates, Section 925.01, Water Service Rates, be **AMENDED** as follows:

925.01 WATER SERVICE RATES.

USE OF WATER METERS; PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacements, improvements, additions, betterments, extension and maintenance of the water system and for the payment of the sums required to pay the principal and interest on all water revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates, charges and penalties for the use of and services rendered by the municipal water system and works of the City of Charles Town, West Virginia, which schedule, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

APPLICABILITY (SCHEDULE I)
Applicable to entire area served.

AVAILABILITY
Available for general domestic, commercial and industrial service.

RATES

First	10,000 gallons used per month	$8.23 per 1,000 gallons
Next	30,000 gallons used per month	7.00 per 1,000 gallons
Over	40,000 gallons used per month	5.53 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:

5/8" or 5/8" x 3/4"	Meter	$20.58 per month
3/4"	Meter	30.87 per month
1"	Meter	51.45 per month
1-1/2"	Meter	102.90 per month
2"	Meter	164.64 per month
3"	Meter	308.70 per month
4"	Meter	514.50 per month
6"	Meter	1029.00 per month

FLAT RATE
For domestic, commercial or industrial customers - $37.04 for 4,500 gallons per month.

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.

CONNECTION CHARGE
A service connection charge of $350.00 shall be paid for all new service connections.

DISCONNECT FOR NONPAYMENT
Whenever water service has been discontinued for nonpayment of sewer bills, a disconnection fee of $10.00 shall be charged.

RECONNECTION SERVICE CHARGE
Whenever water service which has been previously disconnected or otherwise withheld for nonpayment of sewer bills is reconnected, a fee of $10.00 shall be charged.

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.

SECURITY DEPOSIT
The security deposit for water service shall be $36.50.

RATES FOR FIRE PROTECTION - PUBLIC

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	0.20 per annum

RATES FOR FIRE PROTECTION - PRIVATE

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	0.20 per annum

(SCHEDULE II)

CAPACITY IMPROVEMENT CAPITAL COST FEE

Capacity Improvement Capital Cost Fee from the date of this tariff:
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 $2,576.00 for each residential connection. Connections for nonresidential 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:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT USAGE EQUIVALENT	GALLONS/DAY	RESIDENTIAL
Single Family unit	150	1.0
Apartments	150/unit	1.0/unit
Bed and Breakfast	150	1.0
Bowling Alleys	200/alley	1.33/alley
Churches		
with kitchens	8/member	0.05/member
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	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/per seat
Hotel	120/room	0.8/per room
Industry	15/person/shift	0.1/person per shift
Institutions		
Hospitals	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
Theatre	3/seat	0.02/seat
Warehouse	15/employees	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.

EFFECTIVE DATE

The rates and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Spirit of Jefferson Advocate and The Shepherdstown Chronicle, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Charles Town, West Virginia, on April 1[illegible], 2008, at [illegible]00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall [illegible] of this Ordinance shall be available to the public for [illegible] of the City Clerk, Charles Town, West Virginia.

Passed on [illegible] Reading: March 17, 2008

Passed on [illegible] Reading (following [illegible]): April 15, 2008

[illegible] Peggy A. Smith
MAYOR

Mayor Smith opened the floor for [illegible] regarding "A RESOLUTION OF THE COUNCIL OF THE CORPORATION OF CHARLES TOWN, WEST VIRGINIA, AUTHORIZING CREATION AND OPERATION OF THE CHARLES TOWN AND RANSON JOINT STUDY COMMITTEE [illegible] AND REPORT ON THE POTENTIAL MERGER OF THE TWO CITIES' PARKS AND RECREATION COMMISSIONS AND ASSOCIATED ISSUES." Council [illegible] updated Council on the actions of the Charles Town Parks and Recreation [illegible] discussion, a motion by Councilman Clendening, seconded by Council [illegible] and the Council unanimously voted to approve "A RESOLUTION OF THE [illegible] THE CORPORATION OF CHARLES TOWN, WEST VIRGINIA, AUTHORIZING [illegible] AND OPERATION OF THE CHARLES TOWN AND RANSON [illegible] COMMITTEE TO STUDY AND REPORT ON THE POTENTIAL MERGER [illegible] TWO CITIES' PARKS AND RECREATION COMMISSIONS AND [illegible] ISSUES" pending legal review and action by the Ranson City Council and [illegible]

RESOLUTION

A RESOLUTION OF THE COUNCIL OF THE CORPORATION OF CHARLES TOWN, WEST VIRGINIA, AUTHORIZING CREATION AND OPERATION OF THE CHARLES TOWN AND RANSON JOINT STUDY COMMITTEE TO STUDY AND REPORT ON THE POTENTIAL MERGER OF THE TWO CITIES' PARKS AND RECREATION COMMISSIONS AND ASSOCIATED ISSUES.

WHEREAS, West Virginia Code § 10-2-3 permits any two or more governing bodies to jointly establish and conduct a system of recreation, including recreation centers, parks, swimming pools, playgrounds, and any and all other recreation facilities and activities; and may exercise all the powers given by Chapter 10, Article 2 of the West Virginia Code; and

WHEREAS, neither the City of Ranson nor the City of Charles Town have determined whether merger, resource sharing short of merger, or maintenance of the status quo would be in the best interest of the citizens of either City; and

WHEREAS, the City of Ranson and the City of Charles Town believe that an organized, comprehensive and thorough study of the issues implicated by consideration of merger or of less extensive joint undertakings would be prudent and beneficial to the citizens of each city; and

WHEREAS, the City of Ranson and City of Charles Town believe that the involvement of the Jefferson County Parks and Recreation and the Jefferson County Board of Education is important to the success of the "Joint Study Committee."

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CORPORATION OF CHARLES TOWN, WEST VIRGINIA, as follows:

SECTION 1. *Authorization.* The Charles Town City Council hereby authorizes the creation of a "Charles Town and Ranson Joint Study Committee" to be structured and tasked as set forth below.

SECTION 2. *Cooperation.* The Mayor, Members of City Council, Members of the Park and Recreation Commission, and other city staff and consultants are authorized and directed to provide such information and support service as may be reasonably necessary to the work of the Joint Study Committee.

SECTION 3. *Purpose.* The primary purpose of the Joint Study Committee shall be to carefully study the advantages and disadvantages of merging the two cities' Parks and Recreation Commissions. If the Joint Study Committee recommends the merger of the cities' Parks and Recreation Commissions, the Joint Study Committee shall provide a detailed report to the governing bodies detailing, but not limited to, the following: (1) all aspects of finances; (2) personnel; (3) draft copy of articles and bylaws of joint parks and recreation commission which includes, but is not limited to, the following: (a) makeup, number and terms of commissioners and officers, (b) duties and authorities of commissioners; (c) duties and authorities of the merged entity; (d) procedures of meetings; (e) amendment procedures to bylaws; and (f) any other item the Joint Study Committee deems necessary.

SECTION 4. *Membership.* The governing body of each city shall appoint three (3) voting members to the Joint Study Committee. The two City Managers or his or her staff designee shall be non-voting ex-officio members of the Joint Study Committee. The Board of Education and the Jefferson County Parks and Recreation shall each be invited to have one (1) non-voting advisory member to participate in all Joint Study Committee meetings and shall be noticed of all meetings of the Joint Study Committee in accordance with the guidelines set forth in SECTION 5. The Joint Study Committee may ask persons not on the Committee to speak, participate at special meetings for expertise, guidance and input.

SECTION 5. *Meetings.* The Joint Study Committee shall meet at least monthly at dates and times to be determined by the Joint Study Committee. All decisions will be made by a majority vote of those present at the Joint Study Committee meeting. There shall be proper publication of all meetings and voting in compliance with the West Virginia Open Governmental Proceedings Act. Proxy

voting shall not be permitted. A quorum of the Joint Study Committee shall be at least two members from each city.

SECTION 6. *Public Access and Minutes.* All meetings shall be open and the public invited to attend. All meeting notes and sites shall be properly advertised in accordance with the West Virginia Open Governmental Proceedings Act. Minutes of all Joint Study Committee meetings shall be taken and made available to the public. The Joint Study Committee shall appoint a Secretary at its first meeting who shall be responsible for the distribution of meeting notices to members, advertisement of meeting [illegible] times in accordance with the West Virginia Open Governmental [illegible] and taking and keeping record of the minutes of each meeting.

SECTION 7. *Term.* The term [illegible] Study Committee shall be twelve (12) months; provided, however, [illegible] Study Committee has a final recommendation before the [illegible] term, the Joint Study Committee may present its study to the [illegible] of both cities. If the work of the Joint Study Committee is not [illegible] twelve (12) month term, then the term of the Joint Study Committee may be extended by resolution from the governing bodies of both [illegible].

SECTION 8. *Finances.* [illegible] the cost of the study by the Joint Study Committee will be [illegible] (exclusive of in kind staff time). All costs and expenses shall be [illegible] by Charles Town and Ranson. Any costs or expenses in excess [illegible] must be approved in advance by the elected bodies of both [illegible] shall have the discretion to spend the budgeted funds in a [illegible] manner.

SECTION 9. *Final Recommendations.* [illegible] end of its work, the Joint Study Commission shall submit [illegible] final [illegible] in written form to the Ranson Mayor and City Council and to [illegible] Town Mayor and City Council. Those two elected bodies [illegible] consider all such recommendations and then shall separately [illegible] approve the recommendations with or without recommendations [illegible]. If both cities' elected bodies approve the Joint Study [illegible] recommendations with or without any mutually agreed upon [illegible] City shall thereupon jointly draft separate, but identical, [illegible] the approved recommendations and implement such re[illegible].

Signed and approved th[illegible] 08.

/s/ Peggy Smith
Peggy Smith
Mayor

ATTEST:
/s/ Joe Cosentini
Joseph Cosentini
Clerk

Mayor Smith opened the [illegible] for [illegible] regarding the Deed of Dedication for County Green. Jeremy Camp [illegible] that due to some unresolved issues with the development that the Deed of [illegible] tabled. A motion by Councilwoman Willingham, seconded by Councilwoman [illegible] Council unanimously voted to table the Deed of Dedication for County [illegible].

Mayor Smith opened the [illegible] regarding Resolution 2008-09: $7,500 Division of Tourism Direct Advertising [illegible] and Verification. A motion by Councilwoman Willingham, seconded by [illegible] Clendening and the Council unanimously voted to approve Resolution 2[illegible] of Tourism Direct Advertising Grant Participation and Verification [illegible] Clerk.

Resolution 2008-09
Participation Verification and Certification
$7,500 Direct Advertising Grant

I hereby certify that the City of Charles Town hereinafter referred to as "The City" is in compliance with all state, federal, and local laws, including, but not limited to, laws relating to Workers' Compensation insurance, unemployment compensation and business taxes. I further certify that the City is not presently in bankruptcy. I agree to notify the West Virginia Division of Tourism should the City go into bankruptcy either voluntarily or involuntarily.

I hereby certify that I, Peggy Smith, have the authority to speak for and bind by my signature the City. I certify that I have reviewed the portions of the grant application entitled City of Charles Town Heritage Festival 2008, for the project dates of July 15, 2008 to July 14, 2009 (hereinafter referred to as "the Grant") that pertains to the City and that these portions are true and correct to the best of my knowledge. I certify that the City is to be an active participant in the Grant, and that the City's portion of the Grant in the amount of $1,825.00.

Dated: April 15, 2008

CITY OF CHARLES TOWN:
/s/ Peggy A. Smith
Peggy A. Smith, Mayor

Attest:
/s/ Joe Cosentini
City Clerk

Mayor Smith opened the floor for discussion regarding Resolution 2008-10: Preserve America Historic Preservation Grant. A motion by Councilwoman Schmitt, seconded by Councilman Clendening and the Council unanimously voted to approve Resolution 2008-10: Preserve American Historic Preservation Grant as presented and is as follows:

Resolution 2008-10
City of Charles Town Support
for the
Preserve America Grant Application

WHEREAS, The City of Charles Town was officially recognized as a *Preserve America Community* in March of 2006 and with the designation comes the ability to apply for *Preserve America* grants and,

WHEREAS, the funding being applied for will point to the development of heritage tourism in Charles Town including a Tourism Development Plan and the hiring of a full time project Coordinator for two years; and,

WHEREAS, these programs promote and advance the City of Charles Town's heritage tourism goals and cultural assets; and,

WHEREAS, the proposed projects will help the City of Charles Town develop partnerships with the Jefferson County Historical Society, the Old Charles Town Library, the Jefferson County Museum, The Washington Heritage Trail National Scenic Byway, Arts Humanities Celebration (AHA), the Jefferson County Black History Preservation Society, the Charles Town Historic Landmarks Commission, Friends of Happy Retreat, the Charles Town Ranson Merchants Association, the Jefferson County Convention and Visitors Bureau, the Ranson Convention and Visitors Bureau, the Charles Town Visitors Center, the Jefferson County Chamber of Commerce, and the Jefferson County Commission;

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Charles Town, to support all activities and programs proposed in the *Preserve America* grant application.

Dated: April 15, 2008

CITY OF CHARLES TOWN:
Peggy A. Smith
Peggy A. Smith, Mayor

Attest:
/s/ Joe Cosentini
City Clerk

Mayor Smith opened the floor for discussion regarding the Laying of the Levy in accordance with WV State Code §11-8. A motion by Councilwoman Willingham, seconded by Councilwoman Schmitt and the Council unanimously voted to Lay the Levy for FY08/09.

Mayor Smith opened the floor for discussion regarding the FY06/07 Charles Town Policeman's Pension Fund report. A motion by Councilwoman Paonessa, seconded by Councilwoman McDonald and the Council unanimously voted to approve the FY06/07 Charles Town Policeman's Pension Fund report.

Mayor Smith informed Council that she received three Special Activity Permits. A motion by Councilwoman Willingham, seconded by Councilwoman McDonald and the Council unanimously voted to approve Special Activity Permit 08-01: Animal Welfare Society of Jefferson County Roadside Collection, with the collection take place at the intersection of Samuel and Washington Streets. Special Activity Permit 08-02: Oakland United Methodist Church Family Picnic/Father's Day Cookout as presented.

REFERRALS TO COMMITTEE

A motion by Councilwoman Willingham, seconded by Councilwoman Schmitt and the Council unanimously voted to refer the committee donation requests from Citizen's Fire Co., Jefferson County Memorial Park Foundation, Animal Adoption Center and a bid from Altec Industries Inc. for work on the Bucket Truck, the FY08 Budget revision #2 and a U.S. Paving bid for concrete work at Memorial Park.

A motion by Councilwoman Willingham, seconded by Councilwoman McDaniel and the Council unanimously voted to approve the consent agenda.

MAYOR AND COUNCIL REPORTS

Mayor Smith informed Council of a luncheon honoring Frank Buckles, the last living WWI veteran, to appear in the Road Trip to History program. Mayor Smith also informed Council that she had received an email from a concerned citizen regarding the recording of City Council meetings. Upon discussion, Amy Brown, Steptoe & Johnson, stated the current practice is problematic from a legal standpoint, but there was a motion by Councilman Clendening, seconded by Councilman Slover and the Council with Councilwoman McDaniel voting against; to table the decision on the operating procedures to be studied more by Ms. Brown. Councilwoman McDonald, Ward I, informed Council that she had been asked by a citizen for a trashcan to be installed at Willow Park. Councilwoman Schmitt, Ward II, informed Council that she would like to form a committee of the three members of the Parks and

Recreation Joint Study Committee on the next Council agenda. Councilman Clendening, Ward III, informed Council that a draft Personnel Policy has been distributed to all Council members and asked that the Policy be on the April 21st Council agenda for approval and that he had attended WV Leadership Academy seminar in Morgantown. Councilwoman Paonessa, Ward III, informed Council that she had attended the Tourism Reception sponsored by the Jefferson County CVB.

CHIEF OF POLICE REPORT

Chief Subelsky informed Council that the Explorer Post held a camp over the weekend and that he would like to see a detailed Crossing Guard policy developed. Chief Subelsky informed Council that he is applying for a grant and needs a resolution from Council. A motion by Councilwoman Schmitt, seconded by Councilwoman McDonald and the Council unanimously voted to approve Resolution 2009-03 West Virginia Justice Assistance Grant (JAG) Application. Chief Subelsky asked Council for approval of the reservation of surplus funds from the Police Department budget. A motion by Councilwoman Willingham, seconded by Councilwoman McDaniel and the Council unanimously voted to allow the surplus from the Police Department budget, ending June 30, 2009, to be placed in a reserve fund for the use in the purchase of a new building.

FINANCE COMMITTEE

Councilwoman Willingham informed Council that the Finance Committee had met and makes the following recommendations:

1. Approval for the following requests for donations from Hotel/Motel:

Old Opera House Theatre	$10,000
Old Charles Town Library	$10,000
Charles Town Ranson Little League	$ 1,000
Arts & Humanities Alliance of Jefferson County	$ 1,000

2. Approval for the following requests for donations from the General Fund:

Jefferson County Ambulance Authority	$10,000
Eastern Panhandle [illegible]	$ 5,000*
Kiwanis Club of Charles Town	$ 1,000
Jefferson County [illegible] (fireworks)	$ 1,000
CASA of the Eastern Panhandle	$ 1,000

3. Approval for the following request for donation from Capital Reserve:

Independent Fire Co.	$10,000

* if funds allow at fiscal year end, the Finance Committee would like to donate an additional amount to the Fire Co.

Upon discussion, a motion by Councilman Clendening, seconded by Councilwoman Schmitt and the Council unanimously voted to approve the Finance Committee recommendations as presented.

DOWNTOWN ECONOMIC REVITALIZATION COMMITTEE

Councilwoman Paonessa presented Council with the Downtown Economic Revitalization Committee's goals and work plan. Councilwoman Paonessa informed Council that a brownfields site needs to be chosen in order to use the remaining EPA Grant funds since the remaining funds will not cover Phase II Environmental Studies for both the Public Works Yard and the People Supply property.

UNFINISHED BUSINESS

Mayor Smith opened the Public Hearing regarding the letter to the Charles Town Baptist Church. Upon discussion, a motion was made by Councilwoman Paonessa, seconded by Councilman Slover and the Council voted 3-2 with Councilman Clendening, Councilwoman McDaniel, Councilwoman McDonald, Councilman Schmidt and Councilwoman Willingham voting against, to approve the letter to the Charles Town Baptist Church.

A motion by Councilwoman Willingham, seconded by Councilwoman McDonald and the Council unanimously voted to adjourn the meeting.

MAYOR: _____ DATE: 04/21/08

CLERK: _____ DATE: 04/21/08

City of Charles Town

101 East Washington Street, P.O. Box 14, Charles Town, WV 25414
Phone: (304) 725-2311 ♦ Fax: (304) 725-1014 ♦ Web: www.charlestownwv.us

RECEIVED
2006 AUG 11 AM 8:
WV PUBLIC SERVICE COMMISSION SECRETARY'S OFFICE

AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITIES & PUBLIC SERVICES, ARTICLE 921 SEWERS

BE IT ORDAINDED by the City Council of the City of Charles Town as follows:

MAYOR
Peggy A. Smith

CITY COUNCIL
Randy Breeden
Donald Clendening
William Jordan
Sandra Slusher McDonald
Timothy Robinson
Amy Schmitt
Matthew Ward
Geraldine Willingham

CITY MANAGER
Jane E. Arnett

CITY CLERK
Joe Corentini

That Section 921.18, Sewer Service Rates be AMENDED as follows:

a) Establishment. For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows.

(b) Rules and Regulations. 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 thereof hereafter made by the Commission are hereby adopted by reference.

ESTABLISHMENT OF A SCHEDULE OF JUST AND EQUITABLE RATES OR CHARGES FOR SEWER SERVICE: USE OF WATER METERS: PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

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.

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served excluding the entire area know as the Huntfield subdivision.

AVAILIBILITY

Available for general domestic, commercial and industrial service and sale for resale sewer service

RATES (Customers with a metered water supply)

First	2,000 gallons used per month	$7.96 per 1,000 gallons
Next	8,000 gallons used per month	5.73 per 1,000 gallons
Next	20,000 gallons used per month	5.20 per 1,000 gallons
All over	30,000 gallons used per month	4.61 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than $15.92 per month, which is the equivalent of 2,000 gallons.

FLAT RATE CHARGE (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $30.25 per month

RESALE RATE

$3.71 per 1,000 gallons per month

RESALE CREDIT (Applicable only to Jefferson County Public Service District)

A monthly credit of $3,451 per month will be credited against the respective bill rendered to Jefferson County Public Service District for debt incurred by the District as part of the 2000 Charles Town Treatment Plant upgrade. This credit will remain in effect until the indebtedness associated with the respective upgrade is satisfied (Matures 2031).

TRANSPORTATION CREDIT Applicable only to Jefferson County Public Service District)

A monthly credit of $1,009 per month will be credited against the respective bill rendered to Jefferson County Public Service District for reimbursement of fixed debt associated with lift stations needed to transport Charles Town's sewage from the former Sanitary Associates service area. The credit will be given until the indebtedness is satisfied. In addition to the monthly credit of $1,009, a transportation credit of $1.65 per thousand gallons shall be provided to the Jefferson County Public Service District for all flows from the former Sanitary Associates area.

DELAYED PAYMENT PENALTY

The above scheduled is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE
The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $400.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE
If a check is returned by the bank for any reason, the bank's charge to the Utility shall be the Utility's charge to the customer for such a bad check, but such charge to customers shall not exceed $25.00.

LEAK ADJUSTMENT
$0.81 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater.

SCHEDULE II

APPLICABILITY
Applicable within the entire territory known as the Huntfield subdivision

AVAILABILITY
Available for general domestic, commercial, and industrial service

RATES (customers with a metered water supply)
$11.50 per thousand gallons of metered water usage

MINIMUM CHARGE
No bill will be rendered for less than $26.98 per month.

The above minimum charge is subject to an additional $0.71 per thousand gallons per month.

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $51.75 per month

MULTIPLE OCCUPANCY
For unmetered trailer parks, the monthly charge for services shall be equal to the number of units multiplied by the unmetered charge provided above.

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the new current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

TAP FEE

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

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

DISCONNECT – RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Charles Town, a disconnect fee of $10.00 shall be charged. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Jefferson Utilities, Inc., a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Charles Town is reconnected, a reconnection fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Jefferson Utilities, Inc. is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT INCREMENT

$3.01 per M. gallon is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE

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

SCHEDULE III

APPLICABILITY

Applicable to Developers, which is defined as a person, corporation or entity who is in the business of land and/or commercial or housing development for profit, or a person, corporation, or entity who requests an alternate main line extension that includes the installation of mains by the person, corporation or entity. Applicable to non-Developers when the property at issue is a subdivided portion of a Previously Developed Tract. The term "Previously Developed Tract" as used in this Order is defined as property previously subdivided for commercial or housing development, for profit. Owners of existing or new (being constructed) single-family structures, where the person applying for service will be the customer of record, and the proposed service location is not part of a Previously Developed Tract, shall be exempt from payment of the Capital Capacity Improvement Fee.

CAPITAL CAPACITY IMPROVEMENT FEE

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for the property to be served a capital capacity improvement fee of $1,127 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth below. The funds collected from the capital capacity improvement fee shall be maintained in a separate fund administered jointly by the City, Jefferson County PSD and the City of Ranson or their designees and shall be used only for the purpose of improving the City's treatment facilities.

ADDITIONAL CAPACITY IMPROVEMENT FEE - HUNTFIELD PUMP STATION

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for any development using the Huntfield pump station an additional capacity improvement fee - Huntfield pump station of $2,875.00 for each equivalent dwelling unit. The funds collected from the capacity improvement fee shall be maintained in a separate fund administered by the City and shall be used only for the purpose of expanding the Huntfield pump station. All properties within the originally annexed acreage of the Huntfield subdivision, as described by the annexation of additional territory of the City of Charles Town pursuant to West Virginia Code 8-6-4 order by the County Commission of Jefferson County dated January 10, 2002, shall be exempt from this fee.

The usage equivalent for other than single family residential units for the capital capacity improvement fee and additional capacity improvement fee – Huntfield pump station shall be based upon the following:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT	WATER GALLONS/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 & Cockta Lounge (additive)	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/per seat
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

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
Capacity Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the sewer department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

EFFECTIVE DATE

The rates and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Spirit of Jefferson Advocate and The Shepherdstown Chronicle, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Charles Town, West Virginia, on August 7, 2006, at 7:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Charles Town, West Virginia.

Passed on First Reading: July 17, 2006

Passed on Second Reading
(following Public Hearing): August 7, 2006

BY: _____
MAYOR

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Charles Town held on July 17, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Charles Town at the City Hall, 101 E. Washington Street, Charles Town, West Virginia, on August 7, 2006, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Charles Town, West Virginia during regular office hours.

BY: _____
CITY CLERK

RECEIVED

2006 AUG 11 AM 8:45

W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Certificate of Publication

This is to certify the annexed advertisement

City of Charles Town

amendment to the codes

appeared for 1 consecutive days/weeks in The Shepherdstown Chronicle, a newspaper published in the City of Shepherdstown, WV in its issue beginning:

7/21/06

and ending

The Shepherdstown
Chronicle
P.O. Box 2088
Shepherdstown, WV 25443-2088

Fee $ 389.62

THE STATE OF WEST VIRGINIA
COUNTY OF JEFFERSON

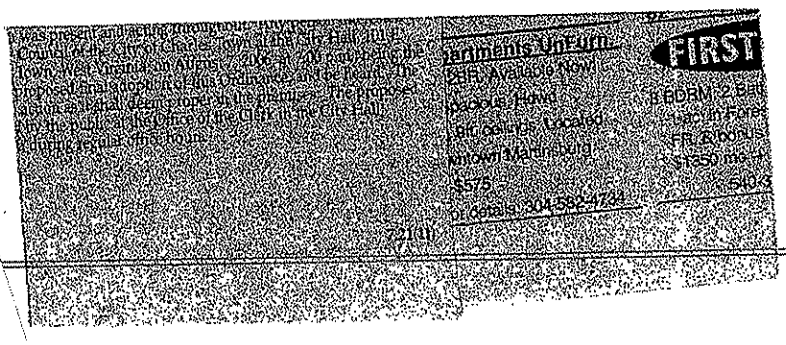
The foregoing instrument was acknowledged before me this 7-24-06 by

Charlotte Jackson.

My commission expires Nov 16, 2014.

Janet M. Lutman
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JANET M. LUTMAN
6556 MARTINSBURG ROAD
BERKELEY SPRINGS, WV 25411
My commission expires November 16, 2014



AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITIES & PUBLIC SERVICES, ARTICLE 921 SEWERS

BE IT ORDAINDED by the City Council of the City of Charles Town as follows:

That Section 921.18, Sewer Service Rates be AMENDED as follows:

a) Establishment. For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows.

(b) Rules and Regulations: 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 thereof hereafter made by the Commission are hereby adopted by reference.

ESTABLISHMENT OF A SCHEDULE OF JUST AND EQUITABLE RATES OR CHARGES FOR SEWER SERVICE; USE OF WATER METERS; PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

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.

SCHEDULE I

APPLICABILITY
Applicable within the entire territory served excluding the entire area know as the Huntfield subdivision.

AVAILIBILITY
Available for general domestic, commercial and industrial service and sale for resale sewer service

RATES (Customers with a metered water supply)

First	2,000 gallons used per month	$7.96 per 1,000 gallons
Next	8,000 gallons used per month	5.73 per 1,000 gallons
Next	20,000 gallons used per month	5.20 per 1,000 gallons
All over	30,000 gallons used per month	4.61 per 1,000 gallons

MINIMUM CHARGE
No bill shall be rendered for less than $15.92 per month, which is the equivalent of 2,000 gallons.

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $30.25 per month

RESALE RATE
$3.71 per 1,000 gallons per month

RESALE CREDIT (Applicable only to Jefferson County Public Service District)
A monthly credit of $3,451 per month will be credited against the respective bill rendered to Jefferson County Public Service District for debt incurred by the District as part of the 2000 Charles Town Treatment Plant upgrade. This credit will remain in effect until the indebtedness associated with the respective upgrade is satisfied (Matures 2031).

TRANSPORTATION CREDIT Applicable only to Jefferson County Public Service District)
A monthly credit of $1,009 per month will be credited against the respective bill rendered to Jefferson County Public Service District for reimbursement of fixed debt associated with lift stations needed to transport Charles Town's sewage from the former Sanitary Associates service area. The credit will be given until the indebtedness is satisfied. In addition to the monthly credit of $1,009, a transportation credit of $1.65 per thousand gallons shall be provided to the Jefferson County Public Service District for all flows from the former Sanitary Associates area.

DELAYED PAYMENT PENALTY
The above scheduled is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

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

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

DISCONNECT - RECONNECT FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Charles Town, a disconnect fee of $10.00 shall be charged. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Jefferson Utilities, Inc., a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Charles Town is reconnected, a reconnection fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Jefferson Utilities, Inc. is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT INCREMENT
$3.01 per M. gallon is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE
A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SCHEDULE II

APPLICABILITY
Applicable within the entire territory known as the Huntfield subdivision

AVAILABILITY
Available for general domestic, commercial, and industrial service

RATES (customers with a metered water supply)
$11.50 per thousand gallons of metered water usage

MINIMUM CHARGE
No bill will be rendered for less than $26.98 per month.

The above minimum charge is subject to an additional $0.71 per thousand gallons per month.

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $51.75 per month

MULTIPLE OCCUPANCY
For unmetered trailer parks, the monthly charge for services shall be equal to the number of units multiplied by the unmetered charge provided above.

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the new current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

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

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

DISCONNECT - RECONNECT FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Charles Town, a disconnect fee of $10.00 shall be charged. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Jefferson Utilities, Inc., a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Charles Town is reconnected, a reconnection fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Jefferson Utilities, Inc. is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT
$0.81 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater.

SCHEDULE III

APPLICABILITY
Applicable to Developers, which is defined as a person, corporation or entity who is in the business of land and/or commercial or housing development for profit, or a person, corporation, or entity who requests an alternate main line extension that includes the installation of mains by the person, corporation or entity. Applicable to non-Developers when the property at issue is a subdivided portion of a Previously Developed Tract. The term "Previously Developed Tract" as used in this Order is defined as property previously subdivided for commercial or housing development, for profit. Owners of existing or new (being constructed) single-family structures, where the person applying for service will be the customer of record, and the proposed service location is not part of a Previously Developed Tract, shall be exempt from payment of the Capital Capacity Improvement Fee.

CAPITAL CAPACITY IMPROVEMENT FEE
There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for the property to be served a capital capacity improvement fee of $1,127 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth below. The funds collected from the capital capacity improvement fee shall be maintained in a separate fund administered jointly by the City, Jefferson County PSD and the City of Ranson or their designees and shall be used only for the purpose of improving the City's treatment facilities. The usage equivalent for other than single family residential units for the capital capacity [illegible] shall be based upon the following:

		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
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
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	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the sewer department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

ADDITIONAL CAPACITY IMPROVEMENT FEE - HUNTFIELD PUMP STATION

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for any development using the Huntfield pump station an additional capacity improvement fee – Huntfield pump station of $2,875.00 for each equivalent dwelling unit. The funds collected from the capacity improvement fee shall be maintained in a separate fund administered by the City and shall be used only for the purpose of expanding the Huntfield pump station. All properties within the originally annexed acreage of the Huntfield subdivision, as described by the annexation of additional territory of the City of Charles Town pursuant to West Virginia Code 8-6-4 order by the County Commission of Jefferson County dated January 10, 2002, shall be exempt from this fee.

EFFECTIVE DATE

The rates and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Spirit of Jefferson Advocate and The Shepherdstown Chronicle, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Charles Town, West Virginia, on August 7, 2006, at 7:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Charles Town, West Virginia.

Passed on First Reading: July 17, 2006

Passed on Second Reading (following Public Hearing): August 7, 2006

BY: _____

MAYOR

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Charles Town held on July 17, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Charles Town at the City Hall, 101 E. Washington Street, Charles Town, West Virginia, on August 7, 2006, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Charles Town, West Virginia during regular office hours.

BY:

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. July 20, 2006 20 ____

I hereby certify that the annexed Amendment to Codes of City

in the case of Chapter 3, Streets, Utilities, & Public Services Article 921 Sewers

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 July 20 and July 27, 2006, 20 ____,

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 986
CHARLES TOWN, WV 25414
My Commission Expires January 27, 2009

Cara D. Young
Notary Public

Commission expires ____

RECEIVED
2006 AUG 11 AM 8:45
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. August 10, 2006 20 ____

I hereby certify that the annexed Public Notice

in the case of Change in Sewer Rates

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 August 10 and August 17, 2006, 20 ____,

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, 2008

Cara D. Young
Notary Public

Commission expires

RECEIVED
2006 SEP 13 AM 8:45
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

RECEIVED
2006 SEP 13 AM 8:46
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

PUBLIC NOTICE OF CHANGE IN SEWER RATES OF CITY OF CHARLES TOWN

NOTICE is hereby given that City of Charles Town (the "City"), on August 7, 2006, has adopted an ordinance implementing an Additional Capacity Improvement Fee associated with a new construction intending to connect with the Huntfield Pump Station.

The proposed Capacity Improvement Fee will become effective on September 25, 2006, unless otherwise ordered by the Public Service Commission (the "Commission") and will produce approximately $746,460 annually in revenue, an increase of 243%. The increased rates will be as follows:

	$ INCREASE	INCREASE%
Residential	0$	0%
Commercial	0$	0%
Industrial	0$	0%
Resale	0$	0%
Other	$2,875.00	100%

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are grater or less than overage. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by City of Charles Town operated utility; or

(2) Any customer who is served by City of Charles Town utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a Petition alleging discrimination between customers within and without the City of Charles Town boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the City of Charles Town corporate boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the City of Charles Town utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the office of the City Clerk at Charles Town City Hall, 101 E. Washington St., Charles Town, WV and at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

8/10/2t

PUBLIC NOTICE OF CHANGE IN SEWER RATES OF CITY OF CHARLES TOWN

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(2) Any customer who is served by City of Charles Town utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a Petition alleging discrimination between customers within and without the City of Charles Town boundaries. Said petition shall be accompanied by evidence of discrimination; or

Certificate of Publication

This is to certify the annexed advertisement

City of Charles Town

public notice of change

appeared for 2 consecutive days/weeks in The Shepherdstown Chronicle, a newspaper published in the City of Shepherdstown, WV in its issue beginning:

8/17/06

and ending

8/24/06

The Shepherdstown
Chronicle
P.O. Box 2088
Shepherdstown, WV 25443-2088

Fee$ 138.90

THE STATE OF WEST VIRGINIA
COUNTY OF JEFFERSON

The foregoing instrument was acknowledged before me this 8-30-06 by

Charlotte Rodgers

My commission expires Nov 16, 2014.

Janet M. Lutman
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JANET M. LUTMAN
6586 MARTINSBURG ROAD
BERKELEY SPRINGS, WV 25411
My commission expires November 16, 2014

RECEIVED
2006 SEP 13 AM 8:46
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

July 17, 2006

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 council room in said city on Monday, July 17th, 2006 at 7:00 p.m. The following members of Council were present: Randy Breeden, Donald W. Clendening, William Jordan, Sandra Slusher McDonald, Amy Schmitt and Matthew Ward. Mayor Peggy A. Smith presided and Joseph Cosentini, Clerk, took the minutes of the meeting. Also present was Jane Arnett, City Manager, Jeremy Camp, Director of Community Development, and Chief Barry Subelsky.

A motion by Councilman Breeden, seconded by Councilwoman McDonald and the Council unanimously voted to dispense with the reading of the minutes dated June 19, 2006. A motion by Councilman Breeden, seconded by Councilwoman Schmitt and the Council unanimously voted to approve the minutes for the June 19, 2006 regular session of Council as presented.

MAYOR AND COUNCIL REPORTS

Mayor Smith informed Council that a steering committee is being set up to look into developing a Joint Planning Commission including Jefferson County, Ranson and Charles Town. Upon discussion, a motion by Councilman Matthew Ward, seconded by Councilwoman McDonald and the Council unanimously voted to appoint Jeremy Camp and Mayor Smith to the steering committee. Mayor Smith informed Council that the support for the Heritage Days event in September has been very strong.

Councilman Breeden, Ward I, informed the Council that he would like to see the City Tree Board to locate some of the damaged trees, even if on private property, in the City as a result from last weeks strong rain storms. Councilwoman Schmitt, Ward II, informed Council that she had received complaints from the Hillside subdivision regarding a new used car lot next to the main entrance to the development and that some of the Huntfield residents were complaining about the new parking lines recently painted in the development. Director Camp informed Council that the used car lot was only going to be used for a "One Day Sale" and would be removed after the event is complete. A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously voted to refer to Street Committee the parking issue in Huntfield. Councilman Matthew Ward, Ward III, asked if there was any progress made on the Martin Luther King Avenue issue a few months ago regarding the soliciting of property sales and if the Council could be informed as to the progress of the Gateway Revitalization efforts. Councilman Ward also informed the Council that he felt a lot of good could come from raising the Hotel/Motel tax as indicated in a later agenda item. Chief

Subelsky informed Council that no official complaint was ever filed at the police department to initiate an investigation for the soliciting of property sales on Martin Luther King Dr. Councilman Clendening informed Council that he had received complaints regarding low utility lines and asked if there were State or City regulations regarding the matter.

CHIEF OF POLICE REPORT

Chief Subelsky informed Council that Captain Mark Johnston has submitted his letter of resignation due to health reasons. A motion by Councilman Clendening, seconded by Councilman Breeden and the Council unanimously accepted the resignation of Captain Johnston with regret. A motion by Councilman Breeden, seconded by Councilman Clendening and the Council unanimously voted to have a plaque made for recognition of years of service for Captain Johnston. Chief Subelsky informed Council that the safety and security upgrades have been completed at the Police Department and invited all the Councilmembers to visit the facility.

FINANCE COMMITTEE

Mrs. Arnett informed Council that the Finance Committee had met and recommended that the City adopt a non-capital improvement fee in the amount of $4,500.00 as advised by the URS Corporation. Upon discussion, a motion by Councilman Matthew Ward, seconded by Councilman Breeden and the Council unanimously voted to adopt the non-capital improvement fee. Mrs. Arnett informed Council that Platinum P.R. has developed the first quarterly newsletter for the City and issued an invoice for $850.00 for printing. A motion by Councilman Matthew Ward, seconded by Councilman Clendening and the Council unanimously voted to approved the invoice from Platinum P.R. and distribute the newsletter.

BOARD OF PARKS AND RECREATION COMMISSIONERS

Ann Paonessa informed the Council that the Parks and Recreation Commissioners had met and would like the Council to consider increasing the City Hotel/Motel tax from 3% to 5%. Upon discussion, a motion by Councilman Matthew Ward, seconded by Councilman Clendening and the Council unanimously voted to refer the request to the Finance Committee and Ordinance Committee.

UTILITY BOARD

Mayor Smith read by title and opened the floor for discussion regarding the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITIES & PUBLIC SERVICES, ARTICLE 921, SEWERS." Mrs. Arnett informed the Council that this amendment was to implement a fee for additional hook ups to the Huntfield Pump Station. Upon discussion, a motion by Councilman Matthew Ward, seconded by Councilwoman Schmitt and

the Council unanimously approved the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITES & PUBLIC SERVICES, ARTICLE 921, SEWERS."

UNFINISHED BUSINESS

Mayor Smith opened the floor for discussion regarding a decision by Council on May 15th, 2006 regarding the draft Comprehensive Plan and Urban Growth Boundary/Study Area. Upon discussion, a motion by Councilman Breeden, seconded by Councilman Clendening and the Council unanimously voted to remove the study area/growth boundary from the draft Comprehensive Plan.

NEW BUSINESS

Mayor Smith informed Council that Councilman John Ward has officially submitted his letter of resignation due to health issues. Mayor Smith opened the floor for nominations to replace Councilman John Ward. Councilman Matthew Ward nominated Donna V. Frye and Councilman Breeden nominated Timothy Robinson. A motion by Councilman Breeden, seconded by Councilman Clendening and the Council unanimously voted to close nominations. Mayor Smith informed Council that she had spoken to Mrs. Frye prior to the Council meeting and indicated to the Mayor that she would not seek the vacant seat if Mr. Robinson was interested. Upon discussion, Councilman Matthew Ward withdrew his nomination for Donna V. Frye. A motion by Councilman Clendening, seconded by Councilman Breeden and the Council unanimously voted to appoint Timothy Robinson to Council for a term ending June, 2007.

In accordance with the Codified Ordinances of the City of Charles Town, Part One – Administrative Code, Chapter Three, Legislative, Article 111, Council, Section 111.02, Rules of Council, Paragraphs (s) and (t), Appointment of Committees and Standing Committees Generally. Mayor Smith asked for nominations to fill one vacancy on the Loan Review Committee, Councilman Breeden nominated Councilwoman McDonald and the Council unanimously voted to appoint Councilwoman McDonald to the Loan Review Committee. Mayor Smith asked for nominations to fill one vacancy on the Finance Committee, Councilman Clendening nominated Councilman Robinson and Council unanimously voted to appoint Councilman Robinson to the Finance Committee.

Mayor Smith read by title and opened the floor for discussion regarding the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ONE, ADMINISTRATIVE CODE, CHAPTER THREE, LEGISLATIVE, ARTICLE 111, COUNCIL." Upon discussion, a motion by

Councilman Breeden, seconded by Councilwoman Schmitt and the Council voted 7-1, with Councilman Ward voting against, to approve the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ONE, ADMINISTRATIVE CODE, CHAPTER THREE, LEGISLATIVE, ARTICLE 111, COUNCIL."

Mayor Smith read by title and opened the floor for discussion regarding the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES AND PUBLIC SERVICES CODE, CHAPTER ONE, STREET AND SIDEWALK AREAS, ARTICLE 909, SIDEWALKS." A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously approved the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES AND PUBLIC SERVICES CODE, CHAPTER ONE, STREET AND SIDEWALK AREAS, ARTICLE 909, SIDEWALKS."

Mayor Smith read by title by title and opened the floor for discussion regarding the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART FIVE, GENERAL OFFENSES CODE, ARTICLE 509, DISORDERLY CONDUCT AND PEACE DISTURBANCE, SECTION 509.05, CURFEW." A motion by Councilman Jordan, seconded by Councilwoman Schmitt and the Council unanimously voted to approve the first reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART FIVE, GENERAL OFFENSES CODE, ARTICLE 509, DISORDERLY CONDUCT AND PEACE DISTURBANCE, SECTION 509.05, CURFEW."

Mayor Smith read by title and opened the floor for discussion regarding the approval of "RESOLUTION OF THE COUNCIL OF THE CITY OF CHARLES TOWN AUTHORIZING AND APPROVING CERTAIN PARAMETERS RELATING TO THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 B (TAX-EXEMPT), AND TERMS OF SUCH BONDS; AUTHORIZING CERTAIN DOCUMENTS RELATING TO THE BONDS; REDESIGNATING THE COMBINED WATERWORKS AND SEWERAGE SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2005 A AS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 B; APPROVING A CONFORMED BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS." Upon discussion, a motion by Councilman Ward, seconded by Councilman Breeden and the Council unanimously voted to

approve "RESOLUTION OF THE COUNCIL OF THE CITY OF CHARLES TOWN AUTHORIZING AND APPROVING CERTAIN PARAMETERS RELATING TO THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 B (TAX-EXEMPT), AND TERMS OF SUCH BONDS; AUTHORIZING CERTAIN DOCUMENTS RELATING TO THE BONDS; REDESIGNATING THE COMBINED WATERWORKS AND SEWERAGE SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2005.A AS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 B; APPROVING A CONFORMED BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS."

APPOINTMENTS TO COMMITTEES/COMMISSIONS

Mayor Smith informed the Council that there is an expired term on the Planning Commission and the two people who have expressed an interest are Doug Viara and Mark Meredith, Mayor Smith opened the floor for nominations. Councilman Clendening nominated Mark Meredith and Councilman Ward nominated Doug Viara. A motion by Councilman Breeden, seconded by Councilman Ward and the nominations were closed. By a vote of 5-2 Mark Meredith was appointed to the Charles Town Planning Commission (08/01/2006 thru 08/01/2009) with Councilman Breeden, Councilman Clendening, Councilwoman McDonald, Councilman Robinson and Councilwoman Schmitt voting for Mark Meredith and with Councilman Ward and Councilman Jordan voting for Doug Viara.

Mayor Smith informed Council that Betsy Wells has submitted her resignation from the Historic Landmarks Commission effective immediately. Upon discussion, a motion by Councilman Breeden, seconded by Councilwoman Schmitt and the Council unanimously voted to advertise for the vacancy.

A motion by Councilwoman Schmitt, seconded by Councilman Robinson and the Council unanimously voted to go into executive session at 8:46 p.m. to discuss legal issues (W. Va. State Code §6-9A-4 (11 & 12)). A motion by Councilman Breeden, seconded by Councilwoman Schmitt and the Council unanimously voted to reconvene into regular session at 9:47 p.m.

REFERRALS TO COMMITTEE

A motion by Councilman Breeden, seconded by Councilwoman McDonald and the Council unanimously voted to refer to Ordinance Committee the implementation of a Business License penalty fee and to refer to Finance Committee a request from the Jefferson County Commission regarding the Ambulance Authority funding shortfall.

A motion by Councilman Clendening, seconded by Councilwoman Schmitt and the Council unanimously voted to approve all bills as presented. A motion by Councilwoman McDonald, seconded by Councilwoman Schmitt and the Council unanimously voted to adjourn at 9:49 p.m.

MAYOR: _____ DATE: 08/07/06

CLERK: _____ DATE: 08/07/06

August 7, 2006

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 council room in said city on Monday, August 7th, 2006 at 7:00 p.m. The following members of Council were present: Donald W. Clendening, William Jordan, Sandra Slusher McDonald, Timothy Robinson, Amy Schmitt, Matthew Ward and Geraldine Willingham. Mayor Peggy A. Smith presided and Joseph Cosentini, Clerk, took the minutes of the meeting. Also present was Jane Arnett, City Manager, Jeremy Camp, Director of Community Development, and Chief Barry Subelsky.

A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously voted to dispense with the reading of the minutes dated July 17, 2006. A motion by Councilwoman Willingham, seconded by Councilman Clendening and the Council unanimously voted to approve the minutes for the July 17, 2006 regular session of Council as presented.

Mayor Smith began the meeting by swearing in William Carper and William Christian, two new officers for the Charles Town Police Department.

Mayor Smith opened the floor for public comments. Mark Reinhart, 118 N. Lawrence St., appeared before Council to voice his support for the draft Charles Town Comprehensive Plan and that he was happy to have worked on the Citizens Advisory Committee and appreciated the openness of the City Council.

Pat Rissler, 443 Long Marsh Lane, appeared before Council to voice her objection to the proposed "Rules of Council" ordinance and felt that the public has lost the trust of the Council.

Susan Rissler Sheely, 142 Long Marsh Lane, appeared before Council to voice her objection to the proposed "Rules of Council" ordinance and that this should be a government by the people.

Kenneth Page, 140 Paddock Place, appeared before the Council to voice his opposition to the proposed "Rules of Council" ordinance and asked the Council to contact the West Virginia Ethics Commission to receive an Ethics Commission Advisory Opinion on the matter. Mayor Smith informed Mr. Page that the City has already received an Advisory Opinion.

George Rutherford, P.O. Box 44, appeared before the Council to voice the concerns of the Jefferson County NAACP to the proposed "Rules of Council" ordinance and that it is undemocratic to cutoff citizen input.

James Tolbert, P.O. Box 651, appeared before the Council to voice his opposition to the proposed "Rules of Council" ordinance and believes that it is important for the Council to listen their citizens.

Daniel Potter, 32 Edaw Drive, appeared before Council to voice his opposition to the proposed "Rules of Council" ordinance and questioned the approval of a parking lot near the entrance of the Hillside subdivision.

Kevin Barry, 420 S. Mildred Street, appeared before Council to voice his opinion regarding the future annexation requests that will be considered by Council and that annexations should enhance the current quality of life and pay for itself.

Nancy Lutz, 1642 Lloyd Road, appeared before Council to voice her opposition to the proposed "Rules of Council" ordinance and stated that she would boycott everything Charles Town if it is passed.

Mayor Smith introduced Mark Reinhart and Curt Mason, Friends of Happy Retreat, who gave a presentation on the FOHR efforts to purchase Happy Retreat. Mr. Mason asked Council for a donation of $15,000.00 and informed Council that the County Commission has pledged to match said contribution as long as the City can donate the same. Upon discussion, a motion by Councilman Ward, seconded by Councilwoman McDonald and the Council unanimously voted to refer the request for $15,000.00 and possible additional funding for Friends of Happy Retreat to the Finance Committee.

CITIZENS ADVISORY COMMITTEE REPORT

Director Camp informed the Council that the Citizens Advisory Committee had completed their review of the draft Comprehensive Plan and submit the following recommendations:

- To have the City Planner forward the Citizen's Advisory Committee's editorial remarks of the entire Comprehensive Plan to the Planning Commission for their consideration. These changes include grammatical, format, wording, and context changes that the committee believed was necessary and in the best interest of the City.
- It should be a primary goal of Charles Town to work collectively with neighboring jurisdictions to develop a multi-jurisdictional land use and transportation plan for the purpose of improving coordination between local and state entities; reducing divergent planning activities; and creating a unified vision for the future of the Charles Town area where possible.
- If the draft Future Land Use and Future Transportation Maps are removed or changed by the City, any new or revised maps that illustrate the planning goals of the Comprehensive Plan should be further reviewed by the public before acceptance.
- Substantial educational and visioning processes should be implemented for future planning endeavors of the City, as well as those of other local jurisdictions, to ensure that substantial public input is received in the early stages of the planning process.

MAYOR AND COUNCIL REPORTS

Mayor Smith informed the Council that she has received complaints regarding stray cats, asked that the Ordinance Committee review the City sign ordinance, announced that some

members of Council and City staff will be attending the Municipal League conference in Chester, WV and commented on Councilman Ward's recent posting on the "listener" web log.

Councilman Robinson, Ward II, informed Council that trash and debris needs to be cleaned up on South Lawrence Street either by the City or the Board of Education. Councilwoman Schmitt, Ward II, informed Council that she had enjoyed working on the Citizens Advisory Committee and would like to be considered to represent the City if the regional planning commission is ever created and stated that no comments have been received from Councilman Ward regarding the plan. Councilman Clendening, Ward III, informed Council that he would like to see more effort involved in the street sign replacement program. Councilman Matthew Ward, Ward III, asked if City staff could contact the owners of the old Citgo station in the County to see if they could expedite the clean up process and reassured Council that he does support the appointment of Councilman Robinson to the City Council. Councilwoman Willingham, Ward IV, asked Councilman Ward if he could refrain from making statements about her unless he has all of the facts.

CHIEF OF POLICE REPORT

Chief Subelsky informed Council that he would like to discuss a few personnel items in an executive session on a later date, the City Police Department had recently played a supporting role in the capture of two bank robbers in the area and has confiscated three weapons from juveniles within the last week.

FINANCE COMMITTEE

Councilwoman Willingham informed Council that the Finance Committee had met and makes the following recommendations:

1. The Jefferson County Ambulance Authority request through the Jefferson County Commission by letter dated June 22, 2006 has been tabled until the City can determine what other municipalities are contributing. NOTE: The Finance Committee would also request that the City send a letter to the Jefferson County Commission expressing a strong desire that the Ambulance Authority funding be placed on the November ballot.
2. Fisherman's Hall funding in the amount of $330.00 and that no additional funds will be provided to this project.
3. That the AHA request be placed in the FY08 funding cycle.
4. That the William H. Gordon bid for Engineering Services to investigate 2nd exit from Charles Town Middle School be approved initially in the amount of $3,500.00
5. That the Hotel/Motel Tax Increase is recommended in the amount of 1% for Tourism and 1% for Parks and Recreation.

Upon discussion, a motion by Councilman Ward, seconded by Councilman Jordan and Council voted 2-5 for the approval of the Finance Committee recommendation with the AHA funding request to be placed on the FY07 funding cycle and to keep the increase in Hotel Motel tax in the City with Councilman Ward and Councilman Jordan voting for said motion and

Councilman Clendening, Councilwoman McDonald, Councilman Robinson, Councilwoman Schmitt and Councilwoman Willingham voting against said motion. A motion by Councilwoman Willingham, seconded by Councilman Clendening and the Council unanimously voted to approve the Finance Committee recommendations as presented and, if State Code allows, keep the increased funding from the Hotel Motel tax in the City.

STREET COMMITTEE

Mrs. Arnett informed Council that the Street Committee had met and makes the following recommendations:

1. Approval of the preliminary lighting design task order form View Engineering in the amount of $5,650.00
2. Approval of the replacement of a utility pole on Lawrence Street by Frontier in order to provide service to Philip Dorsey. The replacement will include the old brick sidewalk 10' on each side of the new pole and an inspection by the City.
3. Approval of one 15 minute parking space for the Daily Grind on Liberty Street for an annual fee of $450.00

Upon discussion, a motion by Councilwoman Schmitt, seconded by Councilman Robinson and the Council unanimously voted to approve the Street Committee recommendations as presented.

UTILITY BOARD

Mayor Smith read by title and opened the floor for the public hearing of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITIES & PUBLIC SERVICES, ARTICLE 921, SEWERS." Being no speakers, Mayor Smith closed the public hearing. Mayor Smith read by title and opened the floor for the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITIES & PUBLIC SERVICES, ARTICLE 921, SEWERS." Upon discussion, a motion by Councilman Robinson, seconded by Councilwoman Schmitt and the Council unanimously approved the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITES & PUBLIC SERVICES, ARTICLE 921, SEWERS" to be effective upon review of the Public Service Commission and is as follows:

AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITIES & PUBLIC SERVICES, ARTICLE 921 SEWERS

BE IT ORDAINDED by the City Council of the City of Charles Town as follows:

That Section 921.18, Sewer Service Rates be AMENDED as follows:

a) Establishment. For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows.

(b) Rules and Regulations. 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 thereof hereafter made by the Commission are hereby adopted by reference.

ESTABLISHMENT OF A SCHEDULE OF JUST AND EQUITABLE RATES OR CHARGES FOR SEWER SERVICE: USE OF WATER METERS: PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

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.

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served excluding the entire area know as the Huntfield subdivision.

AVAILIBILITY

Available for general domestic, commercial and industrial service and sale for resale sewer service

RATES (Customers with a metered water supply)

First	2,000 gallons used per month	$7.96 per 1,000 gallons
Next	8,000 gallons used per month	5.73 per 1,000 gallons
Next	20,000 gallons used per month	5.20 per 1,000 gallons
All over	30,000 gallons used per month	4.61 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than $15.92 per month, which is the equivalent of 2,000 gallons.

FLAT RATE CHARGE (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $30.25 per month

RESALE RATE

$3.71 per 1,000 gallons per month

RESALE CREDIT (Applicable only to Jefferson County Public Service District)
A monthly credit of $3,451 per month will be credited against the respective bill rendered to Jefferson County Public Service District for debt incurred by the District as part of the 2000 Charles Town Treatment Plant upgrade. This credit will remain in effect until the indebtedness associated with the respective upgrade is satisfied (Matures 2031).

TRANSPORTATION CREDIT Applicable only to Jefferson County Public Service District)
A monthly credit of $1,009 per month will be credited against the respective bill rendered to Jefferson County Public Service District for reimbursement of fixed debt associated with lift stations needed to transport Charles Town's sewage from the former Sanitary Associates service area. The credit will be given until the indebtedness is satisfied. In addition to the monthly credit of $1,009, a transportation credit of $1.65 per thousand gallons shall be provided to the Jefferson County Public Service District for all flows from the former Sanitary Associates area.

DELAYED PAYMENT PENALTY
The above scheduled is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE
The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $400.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE
If a check is returned by the bank for any reason, the bank's charge to the Utility shall be the Utility's charge to the customer for such a bad check, but such charge to customers shall not exceed $25.00.

LEAK ADJUSTMENT
$0.81 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater.

SCHEDULE II

APPLICABILITY
Applicable within the entire territory known as the Huntfield subdivision

AVAILABILITY
Available for general domestic, commercial, and industrial service

RATES (customers with a metered water supply)
$11.50 per thousand gallons of metered water usage

MINIMUM CHARGE
No bill will be rendered for less than $26.98 per month.

The above minimum charge is subject to an additional $0.71 per thousand gallons per month.

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $51.75 per month

MULTIPLE OCCUPANCY

For unmetered trailer parks, the monthly charge for services shall be equal to the number of units multiplied by the unmetered charge provided above.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the new current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

TAP FEE

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

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

DISCONNECT – RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Charles Town, a disconnect fee of $10.00 shall be charged. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Jefferson Utilities, Inc., a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Charles Town is reconnected, a reconnection fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Jefferson Utilities, Inc. is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT INCREMENT

$3.01 per M. gallon is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE

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

SCHEDULE III

APPLICABILITY

Applicable to Developers, which is defined as a person, corporation or entity who is in the business of land and/or commercial or housing development for profit, or a person, corporation, or entity who requests an alternate main line extension that includes the installation of mains by the person, corporation or entity. Applicable to non-Developers when the property at issue is a subdivided portion of a Previously Developed Tract. The term "Previously Developed Tract" as used in this Order is defined as property previously subdivided for commercial or housing development, for profit. Owners of existing or new (being constructed) single-family structures, where the person applying for service will be the customer of record, and the proposed service location is not part of a Previously Developed Tract, shall be exempt from payment of the Capital Capacity Improvement Fee.

CAPITAL CAPACITY IMPROVEMENT FEE

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for the property to be served a capital capacity improvement fee of $1,127 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth below. The funds collected from the capital capacity improvement fee shall be maintained in a separate fund administered jointly by the City, Jefferson County PSD and the City of Ranson or their designees and shall be used only for the purpose of improving the City's treatment facilities.

ADDITIONAL CAPACITY IMPROVEMENT FEE - HUNTFIELD PUMP STATION

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for any development using the Huntfield pump station an additional capacity improvement fee - Huntfield pump station of $2,875.00 for each equivalent dwelling unit. The funds collected from the capacity improvement fee shall be maintained in a separate fund administered by the City and shall be used only for the purpose of expanding the Huntfield pump station. All properties within the originally annexed acreage of the Huntfield subdivision, as described by the annexation of additional territory of the City of Charles Town pursuant to West Virginia Code 8-6-4 order by the County Commission of Jefferson County dated January 10, 2002, shall be exempt from this fee.

The usage equivalent for other than single family residential units for the capital capacity improvement fee and additional capacity improvement fee – Huntfield pump station shall be based upon the following:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT	WATER GALLONS/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 (additive)	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/per seat
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
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
Capacity Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the sewer department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

EFFECTIVE DATE

The rates and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Spirit of Jefferson Advocate and The Shepherdstown Chronicle, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Charles Town, West Virginia, on August 7, 2006, at 7:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Charles Town, West Virginia.

Passed on First Reading: July 17, 2006

Passed on Second Reading (following Public Hearing): August 7, 2006

BY: /s/Peggy A. Smith
MAYOR

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Charles Town held on July 17, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Charles Town at the City Hall, 101 E. Washington Street, Charles Town, West Virginia, on August 7, 2006, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be

inspected by the public at the Office of the Clerk in the City Hall, Charles Town, West Virginia during regular office hours.

BY: /s/Joe Cosentini
CITY CLERK

UNFINISHED BUSINESS

Mayor Smith opened the floor for discussion regarding the draft Comprehensive Plan.

Councilman Ward moved that:

"The Charles Town City Council should act to reject the current draft Comprehensive Plan, and return it to the Planning Commission with recommendations that (a) Planning Commission incorporates the four recommendations made by the Citizens' Advisory Committee; and (b) Planning Commission considers and incorporates provisions in the Comprehensive Plan that reflect these 10 guiding principles:

- Charles Town should maintain and enhance the established community;
- Charles Town growth plans should be much more focused on infill and close-in development, especially with plans to bring in new business to the central downtown district;
- Charles Town annexation rules should be changed to ban shoestring annexations and should promote quality over quantity of development. Than Annexation Policy & Procedure should not be a separate document, but instead should be incorporated into the Comp. Plan so that they are consistent with each other, and so that rampant annexations do not override the goals of the Comp. Plan;
- Charles Town should seek quality economic development downtown and close-in;
- Charles Town growth plans should preserve historic, agricultural, scenic, cultural, and environmental assets;
- Charles Town growth plans should emphasize parks, trails, greenspace and recreation;
- Charles Town growth plans should promote high quality residential development, traditional and mixed-use neighborhoods, and walkability;
- Charles Town, Ranson and Jefferson County collaboration is necessary for quality growth;
- The Charles Town process should foster better citizen information and participation; and
- Charles Town should require adequate public facilities and growth that pays for itself."

Upon discussion, Councilman Ward withdrew said motion and moved that:

"The Charles Town City Council should act to amend the current draft Comprehensive Plan, and return it to the Planning Commission with recommendations that (a) Planning Commission incorporates the four recommendations made by the Citizens' Advisory Committee; and (b) Planning Commission considers and incorporates provisions in the Comprehensive Plan that reflect these 10 guiding principles:

- Charles Town should maintain and enhance the established community;
- Charles Town growth plans should be much more focused on infill and close-in development, especially with plans to bring in new business to the central downtown district;
- Charles Town annexation rules should be changed to discourage shoestring annexations and should promote quality over quantity of development. Than Annexation Policy & Procedure should not be a separate document, but instead should be incorporated into the Comp. Plan so that they are consistent with each other, and so that rampant annexations do not override the goals of the Comp. Plan;
- Charles Town should seek quality economic development downtown and close-in;

- Charles Town growth plans should preserve historic, agricultural, scenic, cultural, and environmental assets;
- Charles Town growth plans should emphasize parks, trails, greenspace and recreation;
- Charles Town growth plans should promote high quality residential development, traditional and mixed-use neighborhoods, and walkability;
- Charles Town, Ranson and Jefferson County collaboration is necessary for quality growth;
- The Charles Town process should foster better citizen information and participation; and
- Charles Town should require adequate public facilities and growth that pays for itself."

Upon discussion, said motion was seconded by Councilman Jordan and the Council voted 2-5 for said motion with Councilman Ward and Councilman Jordan voting for and Councilman Clendening, Councilwoman McDonald, Councilman Robinson, Councilwoman Schmitt and Councilwoman Willingham voting against said motion.

Councilman Clendening moved that:

"This Council return the proposed new Comprehensive Plan as has been presented by our City Planning Commission with the request to consider amending this "Draft" of the Charles Town Comprehensive Plan to include the following Changes and return that new draft version to Council.
Suggested changes and/or additions:
To remove the specific growth area plan, illustrated by the Study Area boundary, Future Land Use Plan and Future Transportation Plan, and replace it with a more general plan that does not include a map but recognizes the need for the City of Charles Town to consider annexations in the future that infill or as deemed to enhance the existing City boundaries whereby it may provide (but not limited to) more commercial, employment and affordable housing opportunities.

We recommend also that it would be appropriate to keep a reference that the corridors along WV Route 340 and the WV Route 9 areas in particular are areas that seem best suited for new commercial opportunities in and around the City of Charles Town.

Consideration would also be appropriate for keeping a reference that the City needs to proactively plan for future transportation improvements and that a western collector road and upgrades to existing intersections and railroad overpasses are likely future needs.

Furthermore, we ask that the Charles Town City Planning Commission review and consider the recommendations presented by the "Citizen's Advisory Committee" and change the "Draft" comprehensive Plan as much as possible and as is necessary to adequately address that committees recommendations. This should include the consideration for a multi-jurisdictional land use plan if this becomes a reality between Jefferson County agencies and other Municipalities.

Reasoning: This motion and Suggested changes and/or additions is to give consideration the various issues of concern from public input as well as some council members. Secondly, this will allow the input provided by the "Citizen's Advisory Committee" to be incorporated into the newly proposed or "Draft" Comprehensive Plan."

The motion was seconded by Councilwoman Willingham and, upon discussion, Council voted 4-3 for said motion with Councilman Clendening, Councilwoman McDonald, Councilwoman Schmitt and Councilwoman Willingham voting for the motion and Councilman Jordan, Councilman Robinson and Councilman Ward voting against.

Director Camp informed the Council that the Planning Commission has reviewed the Annexation Policy and submits it to Council for approval. Upon discussion, a motion by Councilman Clendening, seconded by Councilwoman Willingham and the Council voted 5-2 to approve the Annexation Policy with changes to make it W. Va. State Code compliant with Councilman Clendening, Councilwoman McDonald, Councilman Robinson, Councilwoman Schmitt and Councilwoman Willingham voting for said motion and Councilman Jordan and Councilman Ward voting against.

Mayor Smith read by title and opened the floor for discussion regarding the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ONE, ADMINISTRATIVE CODE, CHAPTER THREE, LEGISLATIVE, ARTICLE 111, COUNCIL." Upon discussion, a motion by Councilman Ward, seconded by Councilman Jordan and the Council voted 3-4 to approve said ordinance with section 15(b) removed, with Councilman Ward, Councilman Jordan and Councilman Robinson voting for said motion and Councilman Clendening, Councilwoman McDonald, Councilwoman Schmitt and Councilwoman Willingham voting against. Upon further discussion, a motion by Councilman Robinson, seconded by Councilman Ward and the Council voted 4-3 to table the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ONE, ADMINISTRATIVE CODE, CHAPTER THREE, LEGISLATIVE, ARTICLE 111, COUNCIL" with Councilwoman McDonald, Councilman Jordan, Councilman Robinson and Councilman Ward voting for said motion and Councilman Clendening, Councilwoman Schmitt and Councilwoman Willingham voting against.

Mayor Smith read by title and opened the floor for discussion regarding the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES AND PUBLIC SERVICES CODE, CHAPTER ONE, STREET AND SIDEWALK AREAS, ARTICLE 909, SIDEWALKS." A motion by Councilman Ward, seconded by Councilwoman Schmitt and the Council unanimously approved the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE, STREETS, UTILITIES AND PUBLIC SERVICES CODE, CHAPTER ONE, STREET AND SIDEWALK AREAS, ARTICLE 909, SIDEWALKS" effective immediately and is as follows:

AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, STREETS, UTILITIES & PUBLIC SERVICES, ARTICLE 909,

SIDEWALKS, SECTION 909.01, DISPLAYING GOODS, WARES OR MERCHANDISE ON SIDEWALKS OR PAVEMENT

BE IT ORDAINDED by the City Council of the City of Charles Town as follows:

That Section 909.01, Displaying Goods, Wares or Merchandise on Sidewalks or Pavement be AMENDED as follows:

909.01 DISPLAYING GOODS, WARES OR MERCHANDISE ON SIDEWALKS OR PAVEMENT.

No wholesale or retail merchant, their agents or employees, or any other person, shall place or cause to be placed, on any sidewalk or pavement in the City, any boxes, barrels, tables, baskets, cans or other containers for the purpose of displaying goods, wares, vegetables, foodstuffs or other merchandise for sale. It shall likewise be unlawful for any such person to place or cause to be placed any such goods, wares, vegetables, foodstuffs or merchandise itself on any sidewalk or pavement in the City for the purpose of storing the same or displaying the same to the buying public.

Any wholesale or retail merchant may place on the sidewalk tables and chairs for customers to sit, as long as, in the judgment of designated City Officials, such tables and chairs do not interfere with safety or passage. It shall be a general rule that four feet of walkable space is needed to provide for regular sidewalk use.

BE IT ORDAINED that this Ordinance shall take effect and be in full force from and after the 7th, day of August, 2006.

CITY OF CHARLES TOWN
/s/Peggy A. Smith
Mayor Peggy A. Smith

Attest:
/s/Joe Cosentini
Clerk

Date of First Reading: July 17, 2006
Passed: August 7, 2006

Mayor Smith read by title by title and opened the floor for discussion regarding the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART FIVE, GENERAL OFFENSES CODE, ARTICLE 509, DISORDERLY CONDUCT AND PEACE DISTURBANCE, SECTION 509.05, CURFEW." A motion by Councilman Robinson, seconded by Councilwoman Willingham and the Council voted 6-1, with Councilman Ward voting against, to approve the second reading of "AN AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART FIVE, GENERAL OFFENSES CODE, ARTICLE 509, DISORDERLY CONDUCT AND PEACE DISTURBANCE, SECTION 509.05, CURFEW" effective immediately and is as follows:

AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART FIVE, GENERAL OFFENSES CODE, ARTICLE 509, DISORDERLY CONDUCT AND PEACE DISTURBANCE, SECTION 509.05, CURFEW.

BE IT ORDAINED by the City Council of the City of Charles Town as follows:

That Article 509, Disorderly Conduct and Peace Disturbance, Section 509.05 of the City Code, be **AMENDED** as follows:

509.05 CURFEW.

(a) No minor under the age of eighteen years of age, such person being defined for the purpose of this and the following sections as a child, shall loiter in or upon the streets, highways, or other public places within the city at night, after 11:00 p.m. For the purpose of this section, Loiter is defined as to stand idly about or to proceed slowly or with many stops.

(b) No parent, guardian or other person having the legal custody of any child designated in subsection (a) hereof shall allow or permit any such child, ward or other person under the age of eighteen years of age, who is in such legal custody, to loiter in or on the streets, highways, or other public places, within the city at night, after the hour of 11:00 p.m.

(c) Any child under eighteen years of age found loitering in or upon any streets, highways, or other pubic places, within the city in violation of subsection (a) shall be taken into custody by the city police and transported to the police department. The parents, guardians, or person having legal custody of such child shall be contacted to come to the police station to retrieve the child. For a first offense violation a written citation or written warning shall be issued to the parents, guardians, or persons having the legal custody of such child so offending. For a second, and all subsequent offenses, a written citation shall be issued to the parents, guardians, or persons having legal custody of the child so offending. The parents, guardians, or persons having legal custody, or persons so offending shall, upon conviction thereof, be punished as provided in Section 509.99.

(d) Any police officer of the city, in taking a child into custody under the provisions of the preceding section shall use discretion in determining age, and in doubtful cases, may require positive proof, and until such proof is furnished, the police officer's judgment shall prevail.

BE IT ORDAINED that this Ordinance shall take effect and be in full force from and after the day of passage thereof, as indicated below.

CITY OF CHARLES TOWN
/s/ Peggy A. Smith
Mayor Peggy A. Smith

Attest:
/s/ Joe Cosentini
Clerk

Date of First Reading: July 17, 2006
Date of Passage: August 7, 2006

NEW BUSINESS

Mayor Smith read by title and opened the public hearing for Rezoning Petition, REZ 2006-0001, Mao Property. Being no public comments, Mayor Smith closed the public hearing.

Mayor Smith opened the floor for discussion regarding the request by James Campbell, Campbell Miller Zimmerman, for the Council to clarify the condition of annexation of the Dailey Farm relating to the Fiscal Impact analysis. Mrs. Arnett informed Council that this should be referred to Finance Committee. A motion by Councilman Robinson, seconded by Councilwoman McDonald and the Council unanimously voted to refer this request to the Finance Committee.

Mike Witteried appeared before Council to give a presentation regarding various items including concerns over the street sign replacement program, the application fees for the Board of Zoning Appeals, the progress of the renovation of the Trapnell House and the off-street parking ordinance.

Mayor Smith informed Council that she had received a banner application from the Jefferson County NAACP for the African American Festival and Parade. A motion by Councilman Clendening, seconded by Councilwoman McDonald and the Council unanimously voted to approve the banner application.

Mayor Smith informed Council that the September 4th, 2006 regular meeting of Council falls on Labor Day. A motion by Councilwoman Willingham, seconded by Councilwoman McDonald and the Council unanimously voted to reschedule the Council meeting for Tuesday, September 5th, 2006.

A motion by Councilwoman Willingham, seconded by Councilman Robinson and the Council unanimously voted to approve all bills as presented. A motion by Councilman Robinson, seconded by Councilwoman Schmitt and the Council unanimously voted to adjourn at 9:35 p.m.

MAYOR: _____ DATE: 09/21/06

CLERK: _____ DATE: 09/21/06

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Writer's Contact Information

December 1, 2009

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
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 $7,120,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) (the "Series 2009 A Bonds").

The Series 2009 A 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 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on July 6, 2009, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 20, 2009 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2009 A Bonds are issued in fully registered form, are dated December 1, 2009, upon original issuance, mature on October 1 in the years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2010, as set forth in the Ordinance.

The Series 2009 A Bonds shall be subject to optional redemption on or after October 1, 2015, at par plus accrued interest thereon to the date set for redemption.

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The Ordinance provides that the Series 2009 A Bonds are issued for the purpose of currently refunding the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), funding a debt service reserve account for the Series 2009 A Bonds and paying costs of issuance of the Series 2009 A Bonds and related costs.

The Series 2009 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated November 16, 2009, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate 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 and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into a Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2009 A 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 adopted and enacted the Ordinance, has authorized, executed and delivered the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2009 A Bonds, and has issued and delivered the Series 2009 A Bonds to the Original 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 Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2009 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity 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, (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000, (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000, (11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000, (12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000, and (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (collectively, the "Prior Bonds"). The Series 2009 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. The Series 1998 Bonds have been paid within the meaning and with the effect expressed in the Ordinance, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1998 Bonds have been satisfied and discharged.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 A Bonds (including any original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the holders 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 Series 2009 A 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 or any other federal tax consequences arising with respect to the Series 2009 A Bonds. Prospective purchasers of the Series 2009 A 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 (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2009 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2009 A Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2009 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2009 A Bonds.

7. Under the Act, the Series 2009 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.

8. The Issuer has designated the Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenanted that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2009, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer. Therefore, the Series 2009 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

9. The Series 2009 A 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 Series 2009 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2009 A Bonds and the enforceability of the Series 2009 A Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by 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 do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2009 A Bonds.

We have examined the executed and authenticated Series 2009 A Bonds of said issue, and in our opinion, said Series 2009 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

11.24.09
144220.00023

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December 1, 2009

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

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" or "Issuer") of its $7,120,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) (the "Series 2009 A Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2009 A Bonds and the exclusion of interest on the Series 2009 A Bonds from gross income for federal income tax purposes (the "Bond Opinions"). We have examined the documents and instruments as described in the Bond Opinions, 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 "Bond Purchase Agreement") dated November 16, 2009, between the City and Crews & Associates, Inc. (the "Underwriter").

Based upon the foregoing, we are of opinion that:

(1) The Bond Purchase Agreement has been authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable obligation of the City (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' right generally).

(2) The City, under the Act, has full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement and perform its obligations thereunder.

(3) 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 offering of the Series 2009 A Bonds.

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(4) The statements and information contained in the Official Statement under the captions or subcaptions (i) "Tax Matters" are true and accurate in all material respects and presents a fair summary and description of the matters summarized and described under such caption, and (ii) the statements and information contained in the Official Statement under the captions or subcaptions, "Security for the Series 2009 A Bonds," "The Series 2009 A Bonds" (except for the statements referred to therein under "Appendix G- Book-Entry Only System" with respect to the Depository Trust Company), "Financing Plan", "Appendix D- Form of Bond Counsel Opinion" and "Appendix F- Ordinance", except for financial or statistical data therein as to which no opinion is hereby expressed, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect and are accurate and present a fair summary of the matters referred to therein.

(5) The Series 2009 A Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as a trust indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

11.14.09
144220.00023

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Writer's Contact Information

December 1, 2009

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as counsel for the City of Charles Town, West Virginia (the "City") in connection with the sale of the above-referenced Bonds (the "Series 2009 A Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of November 16, 2009 (the "Purchase Agreement") between Crews & Associates, Inc. (the "Underwriter") and the City. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Series 2009 A Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, including Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the City relating to the Series 2009 A Bonds enacted on July 6, 2009, as supplemented by a supplemental parameters resolution adopted by the Council of the City on July 20, 2009 (collectively, the "Ordinance"), the Purchase Agreement and the Official Statement dated November 19, 2009, with respect to the issuance and offering of the Series 2009 A Bonds (the "Official Statement"), and certifications of the City. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The City is a municipal corporation and political subdivision 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 and the Purchase Agreement.

2. The City has full power and authority to consummate all transactions contemplated by the Series 2009 A Bonds, the Purchase Agreement and any other agreements

relating thereto, to which the City is a party and the City has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Series 2009 A Bonds.

3. To the best of our knowledge following due inquiry, there is no litigation pending or threatened against the City, in any court, which in any way affects the existence of the City 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 City pledged or to be pledged to pay the principal of and interest on the Series 2009 A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2009 A Bonds, the Ordinance, the Purchase Agreement, or contesting the powers of the State of West Virginia with respect to the Series 2009 A Bonds, the Ordinance or this Purchase Agreement or any transaction described in or contemplated by the Official Statement.

4. The Official Statement, as amended or supplemented to the date hereof, contains no untrue statement regarding the City of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the City, in light of the circumstances under which they were made, not misleading.

5. The statements contained in the Official Statement under the captions "The System," "Financing Plan," and "Appendix B- The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, except for financial or statistical data therein or matters relating to the book entry system maintained by the Depository Trust Company as to which no opinion is hereby expressed, are accurate and present a fair summary of the matters referred to therein.

All counsel to this transaction may rely upon the foregoing opinion as if specifically addressed to them.

Very truly yours,

STEPTOE & JOHNSON PLLC

11.14.09
144220.00023

Law Offices of Hoy Shingleton, L.C.
115 Aikens Center Suite 24
Martinsburg, West Virginia 25404

304-262-4773 Telephone
304-262-4775 Fax

shinglet@comcast.net

December 1, 2009

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

City of Charles Town Utility Board
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

I have acted as counsel to the City of Charles Town Utility Board, Charles Town, West Virginia (the "Board") in connection with the issuance and sale by the City of Charles Town (the "City") of the above-referenced Bonds (the "Series 2009 A Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of November 16, 2009 (the "Purchase Agreement") between Crews & Associates, Inc. (the "Underwriter") and the City. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2009 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, including Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the City relating to the Series 2009 A Bonds enacted on July 6, 2009, as supplemented by a supplemental parameters resolution adopted by the Council of the City on July 20, 2009 (the "Ordinance"), the Resolution of the Board relating to the Series 2009 A Bonds adopted on June 11, 2009 (the "Resolution" and collectively with the Ordinance, the "Bond Legislation") and the Official Statement dated November 19, 2009, with respect to the issuance and offering of the Series 2009 A Bonds (the "Official Statement"), and certifications of the Board. 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 Board has been duly created by the Issuer and is validly existing and the members of the Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Board in their respective capacities.

2. The execution and delivery of the Series 2009 A Bonds and the consummation of the transactions contemplated by the Series 2009 A Bonds and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Board, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Board is a party or by which the Board or its properties are bound or any existing law, regulation, court order or consent decree to which the Board is subject.

3. The Board has full power and authority to consummate all transactions contemplated by the Series 2009 A Bonds, the Purchase Agreement and any other agreements relating thereto, to which the Board is a party or which otherwise requires action on the part of the Board.

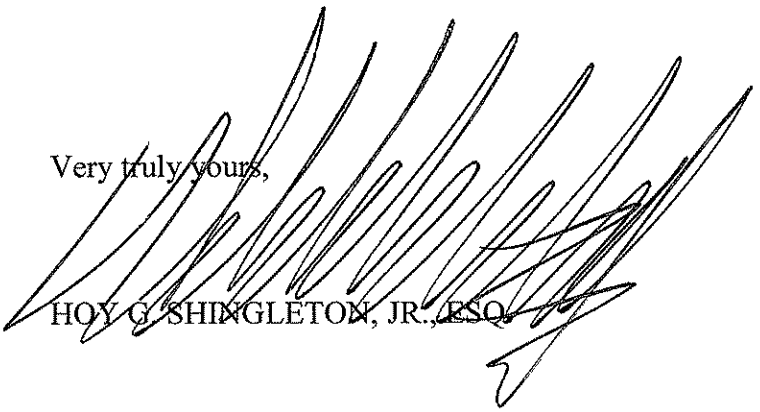
4. To the best of my knowledge following due inquiry, there is no litigation pending or threatened against the Board, in any court, which in any way affects the existence of the Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the City or the Board pledged or to be pledged to pay the principal of and interest on the Series 2009 A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2009 A Bonds, the Bond Legislation or contesting the powers of the State of West Virginia with respect to the Series 2009 A Bonds, the Bond Legislation or any transaction described in or contemplated by the Official Statement.

5. The Official Statement, as amended or supplemented to the date hereof, contains no untrue statement regarding the Board of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Board, in light of the circumstances under which they were made, not misleading.

6. The statements contained in the Official Statement under the captions "The System," "Financing Plan," and "Appendix B- The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Bond Legislation, except for financial or statistical data therein or matters relating to the book entry system maintained by the Depository Trust Company as to which no opinion is hereby expressed, are accurate and present a fair summary of the matters referred to therein.

All counsel to this transaction may rely upon the foregoing opinion as if specifically addressed to them.

Very truly yours,



HOY G. SHINGLETON, JR., ESQ.

JACKSONKELLY
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December 1, 2009

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

Re: $7,120,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds (Bank Qualified) Series 2009 A

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the City of Charles Town (the "City") of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds") in the aggregate principal amount of $7,120,000. In connection with rendering this opinion, we have examined the Official Statement dated November 16, 2009, the Bond Purchase Agreement dated November 16, 2009 (the "Purchase Agreement"), the Continuing Disclosure Agreement dated December 1, 2009 (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule. In rendering the foregoing opinion, we have relied as to certain matters on information obtained from officials of the City and other sources believed by us to be responsible and we have assumed that the Undertaking has been duly authorized, executed and delivered by the parties thereto.

The Purchase Agreement has been duly authorized, executed and delivered by, and, (assuming due authorization, execution and delivery by the other parties to the Purchase Agreement), constitutes a binding agreement in accordance with its terms, of the Underwriter.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the City, counsel for the City, counsel for the Charles Town Utility Board, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix A, Appendix B, Appendix C,

Appendix G and Appendix H thereto as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2009 A Bonds.

Very truly yours,

Jack Kelly PLLC

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

GENERAL CERTIFICATE OF THE CITY OF CHARLES TOWN ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. RATES
5. PUBLICATION OF NOTICES
6. AWARD OF BONDS; SIGNATURES
7. DELIVERY AND PAYMENT
8. CERTIFICATION OF DOCUMENTS
9. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
10. MEETINGS, ETC.
11. INCUMBENCY AND OFFICIAL NAME
12. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
13. DEFEASANCE OF SERIES 1998 BONDS
14. SPECIMEN BONDS
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN
17. OFFICIAL STATEMENT CERTIFICATION
18. CERTIFICATIONS REGARDING BOND PURCHASE
19. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
20. COUNTERPARTS

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 $7,120,000 aggregate principal amount of the City of Charles Town Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) (the "Series 2009 A Bonds" or "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 July 6, 2009, as supplemented by a Supplemental Parameters Resolution of the Issuer adopted July 20, 2009 (collectively, the "Ordinance").

2. NO LITIGATION: Except as otherwise disclosed in the Official Statement, no controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance, sale and delivery of the Series 2009 A Bonds, the refunding of the Series 1998 Bonds, the

collection or use of the revenues of the System, or the respective pledge thereof to the payment of the principal and interest on the Series 2009 A Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2009 A Bonds, nor in any manner affecting the validity or enforceability of the Series 2009 A Bonds, the Ordinance or the Bond Purchase Agreement, dated November 16, 2009 (the "Bond Purchase Agreement"), by and between the Issuer and Crews & Associates, Inc. (the "Underwriter") 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 2009 A Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, City Manager, 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 issuance, sale and delivery of the Series 2009 A Bonds or the refunding and payment of the Series 1998 Bonds, which is not set forth in the Official Statement relating to the Series 2009 A Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals and certificates required by law for operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 A Bonds, have been obtained as of the date hereof and remain in full force and effect.

4. RATES: On August 7, 2006, the Issuer passed a sewer rate ordinance establishing new rates and charges for the sewerage portion of the System. There was no protest filed as to said sewer rates with the Public Service Commission of West Virginia and said sewer rates became effective 45 days following enactment and remain in full force and effect on the date hereof. On April 15, 2008, the Issuer passed a water rate ordinance establishing new rates and charges for the waterworks portion of the System. There was no protest filed as to said water rates with the Public Service Commission of West Virginia and said water rates became effective 45 days following enactment and remain in full force and effect on the date hereof.

5. PUBLICATION OF NOTICES: Notice of the public hearing upon the Ordinance was duly published as required by law. The Council of the Issuer approved the Ordinance, and the Ordinance became fully effective July 6, 2009 and remains in full force and effect on the date hereof. The Ordinance was supplemented by a Supplemental Parameters Resolution adopted by the Issuer on July 20, 2009.

6. AWARD OF BONDS; SIGNATURES: The Series 2009 A Bonds were awarded to the Underwriter upon a negotiated basis at the price of $6,959,956.60 (par amount of $7,120,000 less original issue discount in the amount of $35,443.40, and less underwriter's discount of $124,600). As of the date hereof, the Series 2009 A Bonds were duly signed by the manual signature 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.

7. DELIVERY AND PAYMENT: On the date hereof the undersigned Mayor and City Manager did deliver to the Underwriter the entire issue of the Series 2009 A Bonds, numbered AR-1 to AR-16.

At the time of delivery of the Series 2009 A Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount of Series 2009 A Bonds	$7,120,000
Less: Original Issue Discount	$35,443.40
Less: Underwriter's Discount	($124,600)
Total	$ 6,959,956.60

8. 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 Parameters Resolution

Tax and Non-Arbitrage Certificate

Certificate of Determinations

Specimen Series 2009 A Bond

Prepayment Agreement

City Charter

City Council Rules of Procedure

Oaths of Office of Councilmembers

Minutes on Enactment of Bond Ordinance and Supplemental Parameters Resolution

Affidavit of Publication of Notice of Public Hearing

Utility Board Resolution

Water Rate Ordinance

Affidavit of Publication of Water Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Water Rate Ordinance

Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Preliminary Official Statement

Official Statement

Bond Purchase Agreement

Continuing Disclosure Agreement

Rule 15c-2-12 Certificate

DTC Blanket Letter of Representations

IRS Information Return (Form 8038-G)

Municipal Bond Commission New Issue Report

Prior Bonds Ordinances and Supplemental Resolutions

9. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: Except as otherwise disclosed in the Official Statement, there has been no adverse change in the financial condition of the Issuer or the System since November 16, 2007. The Issuer has heretofore financed and refinanced the acquisition and construction of the System and certain additions, betterments and improvements thereto by the issuance of its bonds, of which there are presently outstanding its (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 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");

(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 (the "Series 2000 A Bonds");

(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 (the "Series 2002 A Bonds");

(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 (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate

principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

The Series 2009 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. Other than the Prior Bonds and the Series 2007 A Notes, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The respective debt service reserve funds for the Prior Bonds are fully funded as of the date hereof.

10. 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 2009 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.

11. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Charles Town" and it is a municipal corporation of the State of West Virginia, in Jefferson County of said state. The governing body of the Issuer is its Council, consisting of a Mayor and 8 council members. The names and terms of office of the members of Council, the Mayor, City Manager and the City Clerk are as follows:

Name		Commencement Date	Termination Date
Michael Slover -	Councilmember	June 2007	June 2011
Chester A Hines-	Councilmember	June 2009	June 2013
Marylois Gannon-Miller-	Councilmember	June 2007	June 2011
Ann Paonessa-	Councilmember	June 2007	June 2011
Ruth McDaniel-	Councilmember	June 2007	June 2011
Richard J. Bringewatt-	Councilmember	June 2009	June 2013
Donald W. Clendening-	Councilmember	June 2009	June 2013
Sandra Slusher McDonald-	Councilmember	June 2009	June 2013
Peggy A. Smith-	Mayor	June 2009	June 2013

The names of the duly appointed, qualified and acting members of the Utility Board of the Issuer are as follows:

Gary Rawlings-	Chairman and Member
Charles W. Kline-	Member
Pete Kubic, PE-	Member
Kristen Ringstaff-	Member
Thomas W. Stocks-	Member

The duly appointed and acting Clerk of the Issuer is Joseph Cosentini. The duly appointed and acting City Manager of the Issuer is Gary Rawlings. The duly appointed and acting Counsel to the Issuer is Steptoe & Johnson PLLC. The duly appointed and acting counsel to the Utility Board is Hoy G. Shingleton, Jr., Esquire.

12. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bonds 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 Bonds Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2009 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 6th day of July, 2009, at 7:00 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 Bonds 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 Bonds Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

13. DEFEASANCE OF SERIES 1998 BONDS: As of the date hereof, the Series 1998 Bonds have been prepaid and refunded and the liens and pledges securing the Series 1998 Bonds have been discharged and defeased.

14. SPECIMEN BONDS. Delivered concurrently herewith are true and accurate specimens of the Series 2009 A Bonds.

15. NO FEDERAL GUARANTY: The Series 2009 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.

16. 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, with respect to the Series 2009 A Bonds.

17. 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.

18. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT: In addition to the foregoing, the undersigned Mayor and City Manager hereby certify in connection with Section 6(c)(vii) of the Bond Purchase Agreement as follows: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and each of its representations and warranties contained in the Bond Purchase Agreement are true as of Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2009 A Bonds, the Undertaking represented by the Continuing Disclosure Agreement, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the Underwriter in order to carry out, give effect to and consummate the transactions contemplated by the Bond Purchase Agreement and by the Official Statement, (iii) to the Issuer's knowledge no litigation is pending or threatened which would restrain or enjoin the collection of the Gross Revenues, the pledge of the Gross Revenues to the Series 2009 A Bonds, the issuance or sale of the Series 2009 A Bonds or in any way affecting any authority for or the validity of the Series 2009 A Bonds or the Ordinance, (iv) the execution, delivery, receipt and due performance of the Series 2009 A Bonds, the Undertaking, the Ordinance and the other agreements contemplated by the Bond Purchase Agreement and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound and (v) the Issuer is in compliance with all covenants in its outstanding resolutions which authorized bonds secured by the Gross Revenues of the System.

19. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of (a) United Bank, Inc., Charleston, West Virginia, as Registrar, (b) United Bank, Inc., Charles Town, West Virginia, as Depository Bank and (c) West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent.

20. COUNTERPARTS: This Certificate may be executed in counterparts, and all counterparts shall be deemed to be the Certificate.

[Signature page follows.]

WITNESS our signatures and the official corporate seal of the CITY OF CHARLES TOWN on this 1st day of December, 2009.

[SEAL]

Signature	Official Title
	Mayor
	City Manager
	City Clerk

11.16.09
144220.00023

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

December 1, 2009

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Department of Environmental Protection
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 April 15, 2008, and the sewer rate ordinance of the Issuer, enacted August 7, 2006, 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 Refunding Revenue Bonds, Series 2009 A (the "Bonds"), to be issued on the date hereof, and all other obligations secured by or payable from the revenues of the System, specifically including the Prior Bonds, as such term is defined in the Bond Ordinance of the Issuer, authorizing the issuance of the Bonds.

164 Lina Lane ▪ Martinsburg, WV 25405
304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@jckunkleassociates.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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 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 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 Bonds and the Prior Bonds.

Very truly yours,

J.C. KUNKLE & ASSOCIATES, A.C.

Martinsburg, West Virginia

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

REGISTRAR'S CERTIFICATE

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (collectively, 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 July 6, 2009, as supplemented by a Supplemental Parameters Resolution adopted July 20, 2009 (collectively the "Ordinance"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the State of West Virginia, 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, attached hereto as Exhibit A, 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	

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 B is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

[Signature page follows.]

WITNESS my signature on this 1st day of December, 2009.

UNITED BANK, INC.

By: _____
Its: Authorized Officer

11.16.09
144220.00023

EXHIBIT A
Resolution of Board of Directors

RESOLUTION OF THE BOARD OF DIRECTORS OF UNITED BANK, INC.

WHEREAS, the Directors of United Bank, Inc. (the "Bank") on May 23, 1989 authorized the Bank's undertaking certain corporate trust indentures, agreements and related documentation and actions and authorized certain officers to enter into and carry out the same on behalf of the Bank; and

WHEREAS, further formalization of the Board of Directors authorizations with respect to corporate trusts, through the adoption and ratification of the following resolutions, is in the best interests of the Bank;

NOW, THEREFORE, BE IT RESOLVED:

FIRST: That Richard M. Adams, Jr., President, John Neuner, III, Executive Vice President, Lyle Smith, Senior Vice President, Kathy Smith, Vice President, Jane T. Sargent, Vice President, I. William Snider, III, Vice President, Nicholas Oxley, Assistant Vice President, Howard Anderson, Vice President, and Catherine Houser, Vice President ("Authorized Officers") be, and each of them are, hereby authorized and directed to accept, on behalf of the Bank, its appointment as trustee, paying agent or registrar, or any combination of such offices, under bond or note trust indentures and similar indentures and trust agreements, and to execute and deliver such indentures, agreements, documents and writings ("Corporate Trust Documents") establishing the Bank's duties and evidencing the Bank's acceptance actions in connection with establishing and accepting such duties, as such Authorized Officer determines to be necessary or appropriate, such determination to be conclusively evidenced by such officer's execution and delivery thereof and the taking of such other actions; and

SECOND: That the Authorized Officers of the Bank be, and each of them are, hereby authorized to execute and deliver on behalf of the Bank, as trustee, any such further agreements, certificate and documents ("Related Documents") and to take such further action necessary or incidental to carrying out the Bank's duties under Corporate Trust Documents, whether as trustee, paying agent or registrar for notes, bonds or other obligations ("Bonds") that are the subject of the Corporate Trust Documents, or otherwise, including but not limited to any certificate of registration and authentication on any Bonds; and

THIRD: The Secretary or any Assistant Secretary be, and each of them is, hereby authorized to affix the seal of the Bank to any Corporate Trust Documents authorized by these resolutions and to attest the same; and

FOURTH: That, for the purpose of affixing the seal of the Bank and attesting thereto upon Corporate Trust Documents authorized by these resolutions, and for any and all matters and actions related thereto or the Bank's duties thereunder, Richard M. Adams, Jr., John Neuner, III, Lyle Smith, Kathy Smith, Jane T. Sargent, I. William Snider, III, Nicholas Oxley, Howard Anderson, and Catherine Houser be, and each of them are, hereby appointed as an Assistant Secretary of the Bank; and

FIFTH: That any Authorized Officer of the Bank be, and each of them are, hereby authorized to sign as an "Authorized Officer" of the Bank, as trustee, and to take such other actions, as may be required or contemplated by the Corporate Trust Documents or as otherwise may be necessary or incidental to implementing the terms and provisions thereof or carrying out the Bank's duties as trustee, paying agent or registrar with respect thereto; and

SIXTH: That these resolutions be and each of them are, hereby deemed to be effective as of September 26, 2008.

I Steven E. Wilson, Secretary of the Board of Directors, do certify that the above is a true copy of the Resolution adopted at a regular meeting of the Board of Directors of United Bank, Inc. (the "Board") held on September 26, 2008, and that said Resolution is in full force and effect.

United Bank.

Dated: September 26, 2008

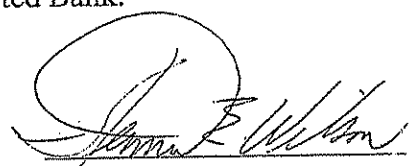
By: 
Steven E. Wilson
Secretary of the Board of Directors

EXHIBIT B

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	Price or Yield
AR-1	2010	$305,000	2.000 %	2.000 %
AR-2	2011	$365,000	2.500 %	2.500 %
AR-3	2012	$380,000	3.000 %	3.000 %
AR-4	2013	$390,000	3.200 %	3.200 %
AR-5	2014	$410,000	3.400 %	3.400 %
AR-6	2015	$305,000	3.600 %	3.600 %
AR-7	2016	$320,000	3.800 %	3.800 %
AR-8	2017	$325,000	4.000 %	4.000 %
AR-9	2018	$340,000	4.000 %	4.100 %
AR-10	2019	$355,000	4.100 %	4.200 %
AR-11	2020	$370,000	4.200 %	4.300 %
AR-12	2021	$380,000	4.350 %	4.450 %
AR-13	2022	$395,000	4.500 %	4.600 %
AR-14	2023	$425,000	4.600 %	4.700 %

$890,000.00 4.625% AR-15 Term Bonds, Due October 1, 2025 at 98.286%
$1,165,000.00 5.000% AR-16 Term Bonds, Due October 1, 2028 at 100.00%

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

CERTIFICATE OF UNDERWRITER

The undersigned Gregory B. Isaacs, Senior Managing Director of CREWS & ASSOCIATES, INC. (the "Underwriter"), which is purchasing the entirety of the above-captioned bonds in the aggregate principal amount of $7,120,000, dated December 1, 2010 (the "Bonds") of the City of Charles Town (the "Issuer"), hereby certifies that:

1. The Underwriter and the Issuer on November 16, 2009 (the "Sale Date") executed a Bond Purchase Agreement for the Bonds (the "Bond Purchase Agreement"). The Bond Purchase Agreement has not been modified since the execution thereof on the Sale Date. Capitalized terms used herein shall have the meanings set forth in the Bond Purchase Agreement.

2. The Underwriter certifies that the initial offering price of the Bonds to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) were reasonably expected to be sold as of the Sale Date is as follows for each of the maturities listed below:

Maturity Date	Principal Amount	Initial Offering Price	Dollar Price
10/1/2010	$305,000	100%	$305,000
10/1/2011	$365,000	100%	$365,000
10/1/2012	$380,000	100%	$380,000
10/1/2013	$390,000	100%	$390,000
10/1/2014	$410,000	100%	$410,000
10/1/2015	$305,000	100%	$305,000
10/1/2016	$320,000	100%	$320,000
10/1/2017	$325,000	100%	$325,000
10/1/2018	$340,000	99.260%	$337,484
10/1/2019	$355,000	99.196%	$352,145.80
10/1/2020	$370,000	99.136%	$366,803.20
10/1/2021	$380,000	99.082%	$376,511.60
10/1/2022	$395,000	99.033%	$391,180.35
10/1/2023	$425,000	98.985%	$420,686.25
10/1/2025	$890,000	98.286%	$874,745.40
10/1/2028	$1,165,000	100%	$1,165,000
		Total	$7,084,556.60
		Accrued Interest	-0-
TOTAL			$ 7,084,556.60

3. The Underwriter hereby confirms that all of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Underwriter, placement agents or wholesalers) at prices equal to those set forth in the Bond Purchase Agreement. Based upon the Underwriter's assessment of then prevailing market conditions, the purchase price of each Bond is not less than the fair market value of each Bond as of the Sale Date.

4. The Underwriter hereby confirms that the Reserve Fund for the Bonds in the amount of $794,426 established under the Ordinance for the Bonds is reasonable, necessary and required for the marketability of the Bonds.

5. The Underwriter hereby confirms that the issue price of the Bonds, calculated in accordance with Treas. Regs. Section 1.148-1(b) is $7,155,443.40.

6. The Underwriter hereby confirms that the yield on the Bonds, calculated in accordance with Treasury Regulations Section 1.148-4 is 4.4568%.

7. The Underwriter hereby confirms that the weighted average maturity of the Bonds, based on the issue price of the Bonds from their date of issue (and not on the basis of the principal amount of the Bonds from their dated date) is 10.132 years.

8. The Underwriter hereby confirms the maximum amount of principal and interest payable on the Bonds in any year is $657,042.50, and such amount is lesser than 10% of the principal amount of the Bonds and 125% of the average annual debt service on the Bonds payable in any year during the term of the Bonds.

9. The Bonds are issued as fixed-rate bonds.

10. The Underwriter has not and will not receive any compensation from the proceeds of the sale of the Bonds, including investment earnings thereon, in excess of its underwriter's discount in the amount of $124,600.

11. The terms used herein have the same meaning given them in Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereunder or in the Tax and Non-Arbitrage Certificate for the Bonds.

12. This certificate may be relied upon by the Issuer with respect to the Tax and Non-Arbitrage Certificate relating to the Bonds and by Steptoe & Johnson PLLC in rendering its opinions with respect to the Bonds.

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Dated: December 1, 2009.

CREWS & ASSOCIATES, INC.

By: _____
Gregory B. Isaacs

Its: Senior Managing Director

Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2009 A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the City for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof and certain pages herein which are permitted to be omitted pursuant to Rule 15c2-12(b)(1).

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 9, 2009

NEW ISSUE

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 A Bonds (i) is excludable from gross income of the owners thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, and (ii) is not a specific item of tax preference, under Section 57(a)5 of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2009 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2009 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia (see "Tax Matters" herein).

$7,025,000*
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS (BANK-QUALIFIED)
SERIES 2009 A

Dated: Date of Delivery

Due: October 1, as shown below

The Series 2009 A Bonds (the "Series 2009 A Bonds") are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2009 A Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2009 A Bonds will be in book-entry form only. Semiannual interest on the Series 2009 A Bonds is payable beginning April 1, 2010, and each April 1 and October 1 thereafter. So long as the Series 2009 A Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2009 A Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Ordinance and any Supplemental Resolution, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2009 A Bonds. See "THE SERIES 2009 A BONDS" herein and "APPENDIX G – BOOK-ENTRY ONLY SYSTEM."

The proceeds of the Series 2009 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City of Charles Town's (the "City") Series 1998 Bonds; (ii) fund the Series 2009 A Bonds Reserve Account; and (iii) pay costs of issuance of the Series 2009 A Bonds and related costs.

The Series 2009 A Bonds are payable from and secured by the Gross Revenues derived from the existing combined municipal

CITY OF CHARLES TOWN, WEST VIRGINIA

Peggy A. Smith, Mayor

CITY COUNCIL

Richard J. Bringewatt
Donald W. Clendening
MaryLois Gannon-Miller
Chester A. Hines
Ruth McDaniel
Ann Paonessa
Michael Slover
Sandra Slusher McDonald

CITY MANAGER
Gary Rawlings

CITY CLERK
Joseph Cosentini

CITY ATTORNEY
Hoy Shingleton, Jr.

CHARLES TOWN UTILITY BOARD

Charles W. Kline
Pete Kubic, PE
Kristen Ringstaff
Thomas W. Stocks
Gary Rawlings, City Manager

UTILITY MANAGER

Jane E. Arnett, CPA

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2009 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City of Charles Town, West Virginia, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the City of Charles Town and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City of Charles Town, West Virginia, as it relates to 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 purposes.

The information contained in this Official Statement has been obtained from the City, its Utility Board and other sources believe to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or

as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Series 2009 A Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

** CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Series 2009 A Bonds only at the time of issuance of the Series 2009 A Bonds, and neither the Underwriter nor the City make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2009 A Bonds.

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OFFICIAL STATEMENT

$7,025,000*

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS (BANK QUALIFIED)
SERIES 2009 A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning the City of Charles Town, West Virginia (the "City"), the City's combined waterworks and sewerage system as hereinafter described in "APPENDIX B – SYSTEM" (the "System"), and the City's $7,025,000* in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds (Bank Qualified), Series 2009 A (the "Series 2009 A Bonds"). The Series 2009 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia of 1931, as amended (the "Act'), and an Ordinance enacted by the City Council of the City on July 6, 2009 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 20, 2009 (the "Supplemental Resolution" and together with the Original Ordinance, the "Ordinance"). See "APPENDIX F – ORDINANCE."

The proceeds of the Series 2009 A Bonds will be used, together with other available

(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, of which $271,840.00 is outstanding (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, of which $60,246.20 is outstanding (the "Series 1989 B Bonds");

(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, of which $240,553.94 is outstanding (the "Series 1998 Design Bonds");

(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, of which $2,084,921.00 is outstanding (the "Series 2000 A Bonds");

(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, of which $1,024,535.00 is outstanding (the "Series 2002 A Bonds");

(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, of which $3,062,337.51 is outstanding (the "Series 2002 B Bonds");

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

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 City also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the City for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Net Revenues of the System. The Series 2007 A Notes mature on April 1, 2011, and the City anticipates issuing revenue bonds to repay the Series 2007 A Notes on or before April 1, 2011[1].

The City anticipates issuing bonds in 2009 or early 2010 to pay for an upgrade to the waterworks portion of the System that will be on a parity with the Series 2009 A Bonds. The City anticipates that such bonds will be purchased by the West Virginia Water Development Authority as a part of the West Virginia Bureau of Public Health's ARRA Program.

The Series 2009 A Bonds are payable from and secured by the Gross Revenues derived from the System on parity with the Prior Bonds and from funds on deposit in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account therein. The Series 2009 A Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Series 2009 A Bonds or premium, if any, or the interest thereon except as provided above. See "SECURITY FOR THE SERIES 2009 A BONDS."

System equal to at least 115% of the maximum annual debt service on the Prior Bonds. For the fiscal years ended June 30, 2006 and June 30, 2008, the revenues produced from the System were less than 115% of the maximum annual debt service on the Prior Bonds.) The City enacted an ordinance which increased sewer user rates and charges effective September 21, 2006 (and filed same with the Public Service Commission of West Virginia on October 4, 2006); and the City enacted an ordinance which increased water user rates and charges effective May 30, 2008 (and filed same with the Public Service Commission of West Virginia on June 26, 2008). The audited financial statements of the City as of and for the twelve-month period ended June 30, 2007 confirmed that the City exceeded its coverage requirements for fiscal year ending June 30, 2007. The audit of the financial statements of the City as of and for the twelve-month period ended June 30, 2009 is not expected to be completed until January 2010; however, the financial information compiled by the City and incorporated into its two respective Annual Reports for Year Ended June 30, 2009 to the Public Service Commission of West Virginia for Sewer Utilities (Classes A and B) and Water Utilities (Classes A and B) (collectively, the "2009 Annual Report to PSC") shows that the City exceeded its coverage requirements for the fiscal year ending June 30, 2009 (specifically, the Gross Revenue to Debt (including Reserve Accounts) ratios reported therein are 1.5947 and 4.31746 respectively)[2]. The City consistently exceeded coverage requirements for the five fiscal years prior to the fiscal year ended June 30, 2006.

The Series 2009 A Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2009 A BONDS" herein. The Series 2009 A Bonds initially will be maintained under a book-entry system. So long as the Series 2009 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2009 A Bonds

Brief descriptions of the Series 2009 A Bonds, the System, the City and certain provisions of the Ordinance and the Act are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2009 A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the City or, during the period of offering the Series 2009 A Bonds, from the Underwriter.

FINANCING PLAN

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2009 A Bonds	$_____
[Transfer from Series 1998 Bonds Sinking Fund]	$_____
Transfer from Series 1998 Bonds Reserve Account	$_____
[Accrued Interest on the Series 2009 A Bonds]	$_____
[Original Issue Premium]	$_____
Total Sources	$_____

The Series 2009 A Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing April 1, 2010, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement[3]. Interest accruing on the Series 2009 A Bonds shall be payable by check or draft mailed by the West Virginia Bond Commission, Charleston, West Virginia (the "Paying Agent"), to the Registered Owner as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of the Series 2009 A Bonds, that special record date to be fixed by the 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 City maintained by the Registrar, or at the option of any Registered Owner of at least $1,000,000 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 for payment at the office of the Paying Agent, in Charleston, West Virginia.

The Series 2009 A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or integral multiples thereof for any year of maturity. The Series 2009 A Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2009 A Bonds and payments of principal of, redemption price if any, and interest on the Series 2009 A Bonds will be made as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, interest on the Series 2009 A Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). If the book-entry

Bonds Maturing

Year (October 1)	Principal Amount
_____	$_____
_____	$_____
_____	$_____
_____*	$_____

Bonds Maturing

Year (October 1)	Principal Amount
_____	$_____
_____	$_____
_____	$_____
_____*	$_____

*Final maturity.

If less than all of the Series 2009 A Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of Redemption

At any other time, notice to the Registered Owner and the Underwriter of any redemption

ANNUAL DEBT SERVICE REQUIREMENTS" for more information. The Gross Revenues derived from the System, in an amount sufficient (1) to pay the principal of and interest on the Prior Bonds, (2) to make the payments into the Series 2009 A Bonds Sinking Fund, (3) to make the payments into the Series 2009 A Bonds Reserve Account, and (4) to make all other payments provided for in the Ordinance, are irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2009 A Bonds as the same become due and for the other purposes provided in the Ordinance. See "APPENDIX F – ORDINANCE."

Rate Covenant

The City has covenanted and agreed in the Ordinance to fix and establish, in a manner and form required by law, rates and charges for the use of the System, 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 to pay the principal of and interest on the Series 2009 A Bonds, and all obligations issued on a parity with the Series 2009 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2009 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2009 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal and interest, if any, on the Series 2009 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds, including the Prior Bonds. The City is required to commence enactment of such ordinances as may be required to increase such rates and charges within thirty (30) days following a determination by, or an annual audit report of, the Independent Accountant showing

have been made in full in the order set forth in the Ordinance. See "APPENDIX F—ORDINANCE."

Application of Revenues

The entire Gross Revenues derived from the operation of the System shall be deposited by the City in the Revenue Fund and shall be disposed of only in the following manner and order of priority:

(1) the City shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 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 2009 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 A Bonds Sinking Fund;

to the first date of payment of principal of the Series 2009 A Bonds, [if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement]; provided that, no further payments shall be made into the Series 2009 A 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 2009 A Bonds Reserve Requirement;

(4) the City shall next, each month, pay from the Revenue Fund the current Operating Expenses of the System;

(5) the City 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; and

(6) the City may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on the Series 2007 A Notes or any other subordinate bonds, notes, certificates or other obligations of the System.

Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2009 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full

System shall be issued after the issuance of the Series 2009 A Bonds pursuant to the Ordinance, except under the conditions and in the manner therein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of the Series 2009 A Bonds issued pursuant to the Ordinance, or refunding the Prior Bonds or the Series 2007 A Notes, 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 Clerk of the City a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived, from the System during any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such parity Bonds, if any, shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds then Outstanding;

(2) The Series 2009 A Bonds then Outstanding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(1) The Prior Bonds Outstanding after such refunding;

(2) The Series 2009 A Bonds Outstanding after such refunding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding; and

(4) The additional parity refunding 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 (a) the improvements to be financed by such parity Bonds and (b) any increase in rates enacted by the City, 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 City 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 Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

No additional parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds. See "APPENDIX F – ORDINANCE."

The City covenanted, when issuing the Series 2007 A Notes, that other than refunding bonds or refunding notes, the City shall not issue any other obligations payable from Gross Revenues until combined waterworks and sewerage system revenue bonds have been issued by the City, the proceeds of which shall be used to refund the Series 2007 A Notes or the Series 2007 A Notes have otherwise been paid in full.

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 and operated by the City through the City of Charles Town Utility Board (the "Board"). For additional information regarding the combined systems, see "APPENDIX B – THE SYSTEM," herein. For information regarding Jefferson County in which the City is situated, see "APPENDIX A – GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA."

INVESTMENT CONSIDERATIONS

The Series 2009 A Bonds are secured solely by the Gross Revenues of the System. There

federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2009 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2009 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. It should be noted, however, that interest on the Series 2009 A Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations.

The City has designated the Series 2009 A Bonds as "qualified" tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenanted that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C) of the Code), including the Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2009, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer. Therefore, the Series 2009 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred to purchase or carry most tax-exempt obligations does not apply to the Series 2009 A

Purchasers of any Discount Bond at any original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

The Series 2009 A Bonds maturing on _____ through _____, inclusive, _____ and _____ (the "Premium Bonds"), have been sold at initial public offering prices which are greater than the principal amounts payable at maturity. An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Premium Bonds. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. A premium is amortized, the purchaser's basis in such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium property allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.]

The opinions described above are subject to the condition that the City complies 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 Series

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the City's financial position or on the validity of the Series 2009 A Bonds, the Ordinance or any agreement to which the City is a party and which is a part of the issuance of the Series 2009 A Bonds.

UNDERWRITING

The Series 2009 A Bonds are being purchased by the Underwriter named on the cover of this Official Statement. The Bond Purchase Agreement provides that the Underwriter will purchase the Series 2009 A Bonds, if any are purchased, at a total purchase price of $_____ which is net of an underwriting discount of $_____[and net of an original issue discount / premium of $_____). The obligation to make such purchase is subject to the terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2009 A Bonds to certain dealers (including dealers depositing the Series 2009 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL STATEMENTS

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 EMMA of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2009 A Bonds. Registered Owners may contact the Charles Town City Manager at P.O. Box 14, 101 East Washington Street, Charles Town, West Virginia 25414, (304) 725-2311, for more information.

Non-compliance with Prior Disclosure Agreements

On April 4, 2007, the City took the steps necessary to disclose a deficiency pursuant to the terms of the City's existing continuing disclosure obligations. Specifically, a Material Event Notice for Non-Payment Related Default was submitted, on the City's behalf, to the Central Post Office advising that the debt service coverage ratio for the System was deficient and in non-compliance with the Prior Ordinances. The City had covenanted to establish and collect rates and charges sufficient to produce revenues from the System equal to at least 115% of the maximum annual debt service on the Prior Bonds. For the fiscal year ended June 30, 2006, the revenues produced from the System were less than 115% of the maximum annual debt service on the Prior Bonds. The City increased sewer user rates and charges effective September 21, 2006 and took steps to lower its expenses to fully comply with the coverage requirements of the Prior Bonds. As a result of such actions, the City's accountant confirmed that the City exceeded its coverage requirements for the fiscal year ending June 30, 2007. The City consistently exceeded the coverage requirements for the five fiscal years prior to the fiscal year ending June 30, 2006.

On April 4, 2007, the City took the steps necessary to disclose its failure to provide

On October 30, 2009, the City took the steps necessary to disclose its failure to provide required annual financial information for the fiscal years ended June 30, 2007 and June 30, 2008, on or before the date required by its then existing continuing disclosure obligations. The City cured this deficiency by filing the audit of the financial statements of the City as of and for the twelve-month period ended June 30, 2007 and June 30, 2008 with EMMA. The City has since put into place procedures to make certain that the required annual financial information is filed in a timely manner in the future.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2009 A Bonds. The City has authorized the execution and distribution of this Official Statement.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: /s/_____
Mayor

APPENDIX A

GENERAL INFORMATION REGARDING JEFFERSON COUNTY

Jefferson County, located in the extreme eastern part of the eastern panhandle of West Virginia, was named for Thomas Jefferson, third president of the United States, and formed in 1801 from Berkeley County. Charles Town is the county seat.

Jefferson County has a total land area of 212.41 square miles and varies in elevation from a low of 275 feet above sea level at Harpers Ferry to a high of 1000 feet. It 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 51,615 from the 2008 U.S. Census. Located just 58 miles from the Washington, DC Beltway, Jefferson County is the Eastern Gateway to West Virginia. The County is within 60 miles of Gettysburg, Pennsylvania, Hagerstown, Maryland and Winchester, Virginia.

For most of its history, Jefferson County's economy has been primarily agricultural, with the area producing grain and other crops for export in the 18th and 19th centuries and orchards playing an important role in the late 19th and 20th centuries. Due to the limestone deposits that underlie much of the County, limestone quarrying has also served as an important source of revenue.

Two of the most important events that shaped the future of Jefferson County were George Washington's establishment of the Federal Armory at Harpers Ferry in 1799 and the arrival of the Baltimore & Ohio Railroad in 1834. Partly because of the military and economic importance of the

POPULATION HISTORY

	Jefferson County	West Virginia
1970	21,280	1,744,237
1980	30,311	1,949,644
1990	35,936	1,793,477
1995	39,300	1,826,409
2000	42,190	1,808,344
2004	47,663	1,815,354
2005	49,206	1,818,470
2006	49,712	1,808,699
2007	50,832	1,812,035
2008[a]	51,615	1,814,468

Source: US Census Bureau
([a]US Census Bureau, "People Quickfacts" – summary profile showing frequently requested data items from various Census Bureau programs)

POPULATION GROWTH

	Jefferson County		**West Virginia**		**United States**	
Year	Population	Percent Change[b]	Population	Percent Change[b]	Population	Percent Change[b]

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	22,500	590	2.6%
2002	23,240	22,360	880	3.8%
2003	23,400	22,560	840	3.6%
2004	23,650	23,010	640	2.7%

BANKING

Jefferson County has six (6) banks with assets exceeding $425 million:

Bank of Charles Town	BB&T
City National Bank	Jefferson Security Bank
United National Bank	MVB Bank Inc.

EDUCATION

Public Schools

Elementary with Kindergarten	8
Elementary without Kindergarten	1
Junior High School	4
High School	2
Daycare Centers	12
Private Schools	2

Colleges/Universities

Shepherd University is a West Virginia state university with 4,391 students, offering numerous four-year degree programs. The West Virginia Graduate Center is located in Shepherdstown and offers a

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 West Virginia Regional Airport in Martinsburg supplies air transportation to and from the area. Dulles International Airport is less than one hour driving time. Other national airports within driving distance are Baltimore-Washington International Airport, Ronald Regan National Airport, Hagerstown, Maryland and Winchester, VA Regional Airport.

A container cargo facility at Front Royal, Virginia and multiple motor freight carriers supply ground transportation to and from Jefferson County.

Bus Service is provided by Eastern Panhandle Transit Authority (Pan Tran). Located in Harpers Ferry, the MARC commuter train offers daily service to downtown Washington and Maryland.

UTILITIES AND SERVICES

Electrical service to the County is provided by Allegheny Energy Power Company. There is no natural gas service in the County. Local heating and oil companies are Roach Energy, Southern States, Smith Oil Company, Columbia Propane, Shawley's Gas Company, Thompson Gas Co., Amerigas Propane, and United Propane.

Telephone services are provided by Frontier Telecommunications, including fiber optic service as well as long distance. Personal communication systems are available through Sprint Spectrum, US Cellular, AT&T Wireless, and T-Mobile.

Golf Courses:

Cress Creek Golf & Country Club, Shepherdstown
Sleepy Hollow Golf Course, Charles Town
Locust Hill Golf & Country Club, Charles Town

Miscellaneous:

Appalachian Trail
Blue Ridge Mountains
Charles Town Races and Slots – Horse Track and Video Slot Machines
KOA Campgrounds, Bolivar

Summit Point Raceway – Motor Sports & Road Racing
Annual Tours, Festivals and Holiday Celebrations

The Arts:

The Old Opera House
Reynolds Hall Recital Series
Mountain Heritage Arts & Crafts Festival
Contemporary American Theater Festival
Peter Burr Living History Series
Shepherd University Athletic & Cultural Activities

HOUSING

COST OF LIVING

Cost of Living Index

Jefferson/Berkeley County, WV 90.2

Source: ACCRA Cost of Living Index, 1st Quarter 2008

Washington, DC 138.8

Source: ACCRA Cost of Living Index, 1st Quarter 2008

Jefferson County Statistics:

Per capita income (2007) Income $35,701
Source: Bureau of Economic Analysis

Median Household Income (2008) $57,838
Source: Claritas (an estimated figure)

INCORPORATED TOWNS

	Population (2007)
Charles Town	4,130
Shepherdstown	1,158
Harpers Ferry	312
Bolivar	1,074

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.

Source: Jefferson County Development Authority

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. The water treatment plant is designed to operate at 2.8 million gallons per day (MGD).

Raw water is obtained from the Shenandoah River through a single intake screen and 20-inch intake line that feeds into a 3.0 MGD pump station. The intake 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, 2008 bill analysis, approximately 7,092 monthly billings were made by the water system, of which 5,317 were residential, 1,662 were commercial, and 113 were "other."

Water Usage — Annual Gallons Sold (PSC Annual Reports)

Fiscal Year (ending June 30)	Residential	Commercial	Other	Total Customers

Sewer Service Area

The Charles Town Wastewater Treatment Plant serves the following areas of Jefferson County:

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 off U. S. Route 340 on the South to the Route 9 Bypass, encompassing 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:

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 the water and wastewater portions of the System. 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.

• Adopted Finance Policy FI-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.

• Acquired an approximately one mile water main to connect the System to the Huntfield development water system. This development of approximately 1,000 acres has the capacity to accommodate over 3,000 homes.

• Completed in 2003, the Downtown Revitalization Project and Phase I Water Improvement Project totaled $6.7 million. The $2 million Downtown Revitalization Project was funded primarily by State and Federal grant funding ($1.4 million) to install new sidewalks, street areas, lighting and furniture that enhanced a state transportation corridor in the historic downtown area by promoting walkability and supporting tourism and economic development. Concurrently, a water line replacement project was completed through the downtown ensuring adequate fire flows in the National Register of Historic Places district. Finally, new water storage and three additional miles of water mains were installed.

• Financed with revenue bonds issued in June 2005 in the principal amount of $2,355,000, a project that increased the System's treatment capacity by an additional 550,000 gallons per day. The project added two blowers to the Sequencing Batch Reactor ("SBR") system to provide supplemental oxygen in order to handle additional incoming loads. It also replaced the dissolved oxygen analyzers and controllers. It added a 600,000 gallon aerobic digester to enhance digestion and reduce the total amount of solids. The project resulted in improved discharge water quality.

• Financed with revenue bonds issued in January 2006 in the principal amount of $1,830,000, a project to purchase and add an existing sewerage collection system to the City's combined waterworks and sewerage system. The purchase was projected to add as many as

Customer Statistics

The average number of System customers for the past ten Fiscal Years are as follows:

Fiscal Year (ended June 30)	Number of Water Customers	Number of Sewer Customers (Charles Town Only)
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
2003	4,815	1,519
2004	5,424	1,519
2005	5,685	1,521
2006	5,977	1,794
2007	6,298	1,901
2008	7,092	1,974

In addition to its residential and commercial customers, the City treats the wastewater from the Town and the District.

Customer	Annual Revenue
Jefferson Co. Board of Ed.	$ 18,480.62
C.T. Associates Charles Towers	$ 16,303.75
Gantt Miller/Chew House	$ 14,901.12
Willow Tree Manor	$ 13,965.90
C.T. Towne House Motor Lodge	$ 7,991.34
TLC Laundromat	$ 5,105.48
Marisol Quiros	$ 3,574.96
C.T. Town House Motor Lodge	$ 3,122.59
Board of Education	$ 3,005.72
McDonalds Restaurant	$ 2,823.53

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

Current Water Rates

The City Council enacted a water rate increase effective for all service rendered on or after May 30, 2008. The current rates are as follows:

Water Rates (Based upon the metered amount of water supplied)

First	10,000 gallons used per month	$8.23 per 1,000 gallons
Next	30,000 gallons used per month	$7.00 per 1,000 gallons
All over	40,000 gallons used per month	$5.53 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" or 5/8" x ¾	Meter	$20.58 per month
¾"	Meter	$30.87 per month
1"	Meter	$51.45 per month
1-1/2"	Meter	$102.90 per month
2"	Meter	$164.64 per month
3"	Meter	$308.70 per month
4"	Meter	$514.50 per month
6"	Meter	$1,029.00 per month

Flat Rate

Rates for Fire Protection - Public

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	$00.20 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 $2,576 for each residential connection. Connections for nonresidential 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

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
Theatre	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the water department shall set its Residential Usage Equivalent in consultation with its consulting engineer.

Current Sewer Rates

Minimum Bill

No bill shall be rendered for less than $15.92 per month, which is the equivalent of 2,000

Flat Rate Charge (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $30.25 per month

Resale Rate

$3.71 per 1,000 gallons per month

Resale Credit (Applicable only to Jefferson County Public Service District)

A monthly credit of $3,451 per month will be credited against the respective bill rendered to Jefferson County Public Service District for debt incurred by the District as part of the 2000 Charles Town Treatment Plant upgrade. This credit will remain in effect until the indebtedness associated with the respective upgrade is satisfied (Matures 2031).

Transportation Credit (Applicable only to Jefferson County Public Service District)

A monthly credit of $1,009 per month will be credited against the respective bill rendered to Jefferson County Public Service District for reimbursement of fixed debt associated with lift stations needed to transport Charles Town's sewage from the former Sanitary Associates service

Leak Adjustment

$0.81 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

Security Deposit

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater.

Schedule II

Applicability

Applicable within the entire territory known as the Huntfield subdivision.

Availability

Available for general domestic, commercial and industrial service.

Rate (Customers with metered water supply)

$11.50 per 1,000 gallons of metered water usage

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

Disconnect - Reconnect Fees

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Charles Town, a disconnect fee of $10.00 shall be charged. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Jefferson Utilities, Inc., a disconnect fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Charles Town is reconnected, a reconnection fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for nonpayment of a sewer bill in conjunction with a water service termination agreement with Jefferson Utilities, Inc. is reconnected, a reconnection fee of $20.00 shall be charged.

Leak Adjustment

$3.01 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

Capacity Improvement Capital Cost Fee

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for the property to be served a capital capacity improvement fee of $1,127 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth below. The funds collected from the capital capacity improvement fee shall be maintained in a separate fund administered jointly by the City, the Jefferson County PSD and the City of Ranson or their designees and shall be used only for the purpose of improving the City's treatment facilities.

Additional Capacity Improvement Fee - Huntfield Pump Station

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for any development using the Huntfield pump station an additional capital capacity improvement fee - Huntfield pump station of $2,875.00 for each equivalent dwelling unit. The funds collected from the capital capacity improvement fee shall be maintained in a separate fund administered by the City and shall be used only for the purpose of expanding the Huntfield pump station. All properties within the originally annexed acreage of the Huntfield subdivision, as described by the annexation of additional territory of the City of Charles Town pursuant to West Virginia Code 8-6-4 order by the County Commission of Jefferson County dated January 10, 2002, shall be exempt from this fee.

The usage equivalent for other than single family residential units for the capital capacity improvement fee and additional capital capacity improvement fee - Huntfield pump station shall

Others	75/person	0.5/person
Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
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	16/1100 ft. of sales area	0.12/100 ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the sewer department shall determine its Residential Usage equivalent in consultation with its consulting engineer.

APPENDIX C

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RFP #08-195

MUNICIPALITY OF CHARLES TOWN
CHARLES TOWN, WEST VIRGINIA

FINANCIAL STATEMENTS
(WITH SUPPLEMENTAL INFORMATION)

FOR THE YEAR ENDED JUNE 30, 2008

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Municipality of Charles Town, West Virginia
SCHEDULE OF FUNDS INCLUDED IN REPORT
June 30, 2008

GOVERNMENTAL FUND TYPES

Major Funds

General

Nonmajor Funds

Capital Reserve Fund

Coal Severance Fund

Community Development Fund

Law Enforcement Fund

Residual Fund

BUSINESS-TYPE FUNDS

Major Funds

Water Fund

Municipality of Charles Town, West Virginia
CITY OFFICIALS
June 30, 2008

Elected Officials:		
Mayor	Peggy A. Smith	06/01/05-06/01/09
City Council	Donald W. Clendening	06/01/05-06/01/09
	Ruth McDaniel	06/01/07-06/01/11
	Sandra Slusher McDonald	06/01/05-06/01/09
	Mary Lois Gannon-Miller	06/01/07-06/01/11
	Ann Paonessa	06/01/07-06/01/11
	Amy Schmitt	06/01/05-06/01/09
	Michael Slover	06/01/07-06/01/11
	Geraldine Willingham	06/01/05-06/01/09
Appointed Officials:		
City Manager	Gary Rawlings	
City Clerk	Joseph Cosentini	06/01/07-06/01/09
City Attorney	James B. Crawford	
	Braun A. Hamstead	
	Hoy Shingleton, Jr.	
	Michael J. Funk	

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Honorable Mayor and Council
Municipality of Charles Town
Charles Town, West Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Charles Town, West Virginia (Municipality), as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the

The management's discussion and analysis, employees' retirement system and budgetary comparison information on pages 7-13 and 49-51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Charles Town, West Virginia's basic financial statements. The introductory section, combining and nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

J.C. KUNKLE & ASSOCIATES, C.P.A.

Martinsburg, West Virginia
April 15, 2009

Municipality of Charles Town
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

The discussion and analysis of the City of Charles Town's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the City's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

The City's net assets increased by $1.4 million as a result of this year's operations. Net assets of the business-type activities increased $1.0 million compared to the previous year, or 20 percent, net assets of the governmental activities increased by $0.4 million, or 6 percent.

During the year, the City had expenses for governmental programs that were $2.9 million more than the $1.0 million generated by governmental program revenues, which includes fees for services and intergovernmental aid. The remaining cost of governmental activities was financed with general revenues, which totaled $3.3 million this year.

In the City's business-type activities, revenues remained constant while expenses increased $0.4 million.

The general fund ended the year with a fund balance of $0.8 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and

USING THIS ANNUAL REPORT (CONTINUED)

Reporting the City as a Whole (continued)

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

Governmental activities-Most of the City's basic services are reported here, including the police, streets, and general administration. Property taxes, business and occupation taxes, and general revenues finance most of these activities.

Business-type activities-The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.

Reporting the City's Most Significant Funds

The analysis of the City's major funds begins on page 11. The fund financial statements begin on page 17 and provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds-governmental and proprietary-use different accounting approaches.

Municipality of Charles Town
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

THE CITY AS A WHOLE

The City's combined net assets increased $1.4 million from a year ago-increasing from $12.5 million to $13.9 million. Reviewing the net assets and net expenses of governmental and business-type activities separately provides more detail about these changes. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 4.0	$ 3.3	$ 7.1	$ 6.4	$11.1	$ 9.7
Capital assets	4.1	3.8	25.1	25.3	29.2	29.1
Total assets	$ 8.1	$ 7.1	$32.2	$31.7	$40.3	$38.8
Long-term debt outstanding	0.2	0.3	24.2	24.3	24.4	24.6

THE CITY AS A WHOLE (CONTINUED)

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	$ 0.8	$ 0.8	$ 4.7	$ 4.7	$ 5.5	$ 5.5
Capital grants and contributions	0.1	0.1	0.5	0.5	0.6	0.6
General revenues:						
Property taxes	0.6	0.6	-	-	0.6	0.6
Business and occupation tax	0.7	0.8	-	-	0.7	0.8
Alcoholic beverage tax	0.1	-	-	-	0.1	-
Utility services tax	0.1	0.1	-	-	0.1	0.1
Video lottery	1.2	1.3	-	-	1.2	1.3

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities

Revenues for the City's governmental activities decreased by 5 percent ($0.2 million), while total expenses increased by 6 percent ($0.2 million). The factors driving these results include the following:

a) The City's governmental revenue sources decreased by $0.2 million.

The cost of all governmental activities this year was $3.8 million compared to $3.6 million last year. However, as shown in the Statement of Activities on page 16, the amount that taxpayers ultimately financed for these activities through City taxes was $2.9 million because some of the cost was paid by those who directly benefitted from the programs ($0.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($0.1 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, remained constant. The City paid for the remaining "public benefit" portion of governmental activities with $3.3 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and miscellaneous revenue.

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) remained constant and expenses

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the City had $28.8 million invested in a broad range of capital assets, including land, buildings, and water and sewer lines. (See Table 3 below). This amount represents a net increase (including additions and deductions) of $0.9 million, or 3 percent, above last year.

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 0.3	$ 0.3	$ -	$ -	$ 0.3	$ 0.3
Land improvements	2.5	2.5	-	-	2.5	2.5
Buildings and improvements	2.0	1.5	-	-	2.0	1.5
Equipment and vehicles	1.0	1.0	-	-	1.0	1.0
Utility plant	-	-	36.4	36.0	36.4	36.0

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt

At year-end, the City had $25.6 million in bonds and notes outstanding versus $24.8 million last year-a decrease of 3 percent-as shown in Table 4.

Table 4
Outstanding Debt at Year-End (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue bonds and notes (backed by specific fee revenues)	$ -	$ -	$24.8	$25.6	$24.8	$25.6

The debt resulted mainly from issuing revenue bonds for the construction of water and sewer utility plant improvements. These bonds are secured by revenues derived from the combined water and sewer system.

Municipality of Charles Town, West Virginia
STATEMENT OF NET ASSETS
June 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	BUILDING COMMISSION
ASSETS				
Current:				
Cash	$ 2,712,029	$ 349,992	$ 3,062,021	$ 51,749
Receivables, net of allowances:				
Taxes	601,980	-	601,980	-
Accounts (loans)	9,781	129,070	138,851	-
Other	6,000	287,046	293,046	-
Inventory, at cost	-	31,836	31,836	-
Prepaid expenses	3,065	1,003	4,068	-
Accrued utility revenue	-	280,487	280,487	-
Internal balances	641,732	(641,732)	-	-
Total current assets	3,974,587	437,702	4,412,289	51,749
Restricted:				
Reserved for bond retirement	-	2,910,143	2,910,143	62,097
Reserved for construction	-	1,285,792	1,285,792	-
Reserved for capacity improvements	-	853,073	853,073	-
Reserved for repair and replacement	-	78,105	78,105	-
Total restricted assets	-	5,127,113	5,127,113	62,097
Capital assets:				

Municipality of Charles Town, West Virginia
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	BUILDING COMMISSION
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities				
(payable from current assets):				
Accounts payable	$ 108,627	$ 135,887	$ 244,514	$ -
Accrued expenses	139,947	65,976	205,923	-
Customer deposits	-	253,605	253,605	400
License fees and deposits	41,867	-	41,867	-
Due to other utilities	-	55,592	55,592	-
Due to primary/other governments	460,556		460,556	100,305
Capital lease payable (current portion)	70,430	93,147	163,577	-
Bonds and notes payable (current portion)	-	23,581	23,581	21,096
Total current liabilities (payable from current assets)	821,427	627,788	1,449,215	121,801
Current liabilities				
(payable from restricted assets):				
Bonds payable (current portion)	-	840,722	840,722	50,963
Accrued interest	-	166,560	166,560	-
Construction accounts payable	-	106,893	106,893	-
Total current liabilities (payable				

s Town, West Virginia
F ACTIVITIES
ed June 30, 2008

APITAL NTS AND RIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS			
	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BUILDING COMMISSION
-	$ (838,536)	$ -	$ (838,536)	$ -
-	(1,261,217)	-	(1,261,217)	-
89,944	(559,623)	-	(559,623)	-
-	(239,543)	-	(239,543)	-
-	(10,000)	-	(10,000)	-
89,944	(2,908,919)	-	(2,908,919)	-
518,772	-	(28,306)	(28,306)	-
28,175	-	159,112	159,112	-
546,947	-	130,806	130,806	-
636,891	$ (2,908,919)	$ 130,806	$ (2,778,113)	$ -
73,462	-	-	-	51,710
	662,125	-	662,125	-
	722,454	-	722,454	-
	94,193	-	94,193	-
	147,867	-	147,867	-
	143,959	-	143,959	-
	4,010	-	4,010	-
	13,842	193,022	206,864	-
	50,911	158,634	209,545	2,114
	1,244,374	-	1,244,374	-
	176,543	-	176,543	-
	3,260,278	351,656	3,611,934	2,114
	351,359	482,462	833,821	53,824
	6,618,725	6,360,163	12,978,888	314,445
	$ 6,970,084	$ 6,842,625	$ 13,812,709	$ 368,269

integral part of this statement.

6

Municipality of Charles Town, West Virginia
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS			
Cash	$ 680,759	$ 2,031,270	$ 2,712,029
Receivables, net of allowances:			
Taxes	376,150	134,501	510,651
Accounts (loans)	9,781	-	9,781
Grants	6,000	-	6,000
Due from:			-
Other funds	937	640,795	641,732
Prepaids	3,065	-	3,065
Total assets	$ 1,076,692	$ 2,806,566	$ 3,883,258
LIABILITIES AND FUND BALANCES			
Liabilities (payable from current assets):			
Accounts payable	$ 108,627	$ -	$ 108,627
License fees and deposits	41,867	-	41,867
Other accrued expenses	139,947	-	139,947
Due to other funds	-	-	-
Due to other governments	-	460,556	460,556

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES			
Taxes (including interest and penalties)	$ 1,749,786	$ -	$ 1,749,786
Licenses and permits	200,806	-	200,806
Intergovernmental:			-
Federal	-	89,944	89,944
State	6,000	19,596	25,596
Charges for services	38,415		38,415
Fines and forfeits	442,533	-	442,533
Street paving fees	106,211	-	106,211
Franchise fees	49,500	-	49,500
Interest	770	50,141	50,911
Video lottery	1,244,374	-	1,244,374
Fees	30,229	146,314	176,543
Miscellaneous	13,842	-	13,842
Total revenues	3,882,466	305,995	4,188,461
EXPENDITURES			
General government	1,429,108	-	1,429,108
Public safety	1,803,587	20,475	1,824,062

Municipality of Charles Town, West Virginia

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Net change in fund balance - total governmental funds		$ 49,517
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	554,116	
Depreciation expense	(319,151)	
Amount capital outlays exceed depreciation expense in the current period.		234,965
Governmental funds report capital lease payments as expenditures. However, in the statement of activities these payments are not reported because they are a reduction in outstanding debt.		71,953

Municipality of Charles Town, West Virginia
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2008

	Water Fund	Sewer Fund	Totals
ASSETS			
Current:			
Cash	$ 216,271	$ 133,721	$ 349,992
Receivables, net of allowances	79,678	49,392	129,070
Other accounts receivable	106,893	7,899	114,792
Due from other funds	-	35,423	35,423
Due from associated companies	52,079	120,175	172,254
Inventory, at cost	31,266	570	31,836
Prepaid expenses	669	334	1,003
Accrued utility revenue	205,666	74,821	280,487
Total current assets	692,522	422,335	1,114,857
Restricted:			
Reserved for bond retirement	1,862,148	1,047,995	2,910,143
Reserved for construction	11,421	1,274,371	1,285,792
Reserved for capacity improvements	816,691	36,382	853,073
Reserved for repair and replacement	37,329	40,776	78,105
Total restricted assets	2,727,589	2,399,524	5,127,113

Municipality of Charles Town, West Virginia

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (CONTINUED)

June 30, 2008

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 72,410	$ 63,477	$ 135,887
Accrued expenses	43,676	22,300	65,976
Customer deposits	189,737	63,868	253,605
Due to other utilities	55,592	-	55,592
Due to other funds	36,360	-	36,360
Capital lease payable (current portion)	63,749	29,398	93,147
Notes payable (current portion)	10,213	13,368	23,581
Total current liabilities (payable from current assets)	471,737	192,411	664,148
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	509,853	330,869	840,722
Accrued revenue bond interest payable	117,072	49,488	166,560
Construction accounts payable	106,893	-	106,893
Total current liabilities			

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

For the year ended June 30, 2008

	Water Fund	Sewer Fund	Totals
OPERATING REVENUES			
Sales and services to customers	$ 2,609,535	$ 2,115,161	$ 4,724,696
Total operating revenues	2,609,535	2,115,161	4,724,696
OPERATING EXPENSES			
Personal services	775,903	472,792	1,248,695
Contractual services	82,918	196,517	279,435
Administrative and general	104,937	103,825	208,762
Materials and supplies	171,398	189,423	360,821
Utilities	86,449	195,377	281,826
Maintenance	500,459	221,418	721,877
Depreciation and amortization	675,146	343,091	1,018,237
Total operating expenses	2,397,210	1,722,443	4,119,653
Operating income	212,325	392,718	605,043
NONOPERATING REVENUES (EXPENSES)			

Municipality of Charles Town, West Virginia
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended June 30, 2008

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 2,614,643	$ 2,175,614	$ 4,790,257
Cash paid for operation and maintenance expenses	(1,682,884)	(1,313,111)	(2,995,995)
Cash paid for taxes other than income taxes	(51,932)	-	(51,932)
Net cash provided by operations	879,827	862,503	1,742,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(278,023)	(328,119)	(606,142)
Proceeds from long-term debt	107,863	495,591	603,454
Principal paid on revenue bonds and long-term debt	(468,662)	(1,235,415)	(1,704,077)
Interest paid on bonds, notes and leases payable	(730,303)	(303,454)	(1,033,757)
Bond acquisition costs paid	(136,098)	(15,321)	(151,419)
Contributed capital	159,162	492,647	651,809
Net cash provided by (used in) capital and related financing activitie	(1,346,061)	(894,071)	(2,240,132)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	782,667	77,887	860,554
Advances to/from other funds - net	(667)	(334)	(1,001)
Increase in customer deposits held	7,644	7,302	14,946

Municipality of Charles Town, West Virginia
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
For the year ended June 30, 2008

	Water Fund	Sewer Fund	Totals
Operating income	$ 212,325	$ 392,718	$ 605,043
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	675,146	343,091	1,018,237
Decrease (increase) in receivables	(3,822)	20,322	16,500
Decrease (increase) in accrued revenues	8,930	2,081	11,011
Decrease (increase) in inventory	(2,192)	-	(2,192)
Decrease (increase) in prepayments	(97,487)	-	(97,487)
Increase (decrease) in accounts payable	48,902	53,854	102,756
Increase (decrease) in accrued expenses	38,025	50,437	88,462
Increase (decrease) in due to other utilities	-	-	-
Net cash provided by operating activities	$ 879,827	$ 862,503	$ 1,742,330

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash investing, capital, and financing transactions:

Municipality of Charles Town, West Virginia
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008

	Policemen's Pension and Relief
ASSETS	
Cash	$ 398,567
State allocation receivable	-
Total assets	$ 398,567
LIABILITIES AND NET ASSETS	
Liabilities:	$ -
Net assets:	
Net assets held in trust for pension benefits	398,567
Total liabilities and net assets	$ 398,567

Municipality of Charles Town, West Virginia

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the year ended June 30, 2008

	Policemen's Pension and Relief
ADDITIONS	
Contributions:	
Employer	$ 94,730
Plan members	-
Insurance premium tax allocation	35,937
Total contributions	130,667
Investment income:	
Interest	19,012
Total investment income	19,012
Other income:	
Donations	3,460
Total other income	3,460

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Municipality of Charles Town, West Virginia ("Municipality") is a municipal corporation in which citizens elect the mayor at large and eight council members. The Municipality engages in a comprehensive range of services, including general government administration, public safety and administration of justice, water and sewer services, transportation, planning, community development and recreation, cultural and historic activities.

The accounting policies and the presentation of the financial report of the Municipality has been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

The Municipality follows the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* for financial reporting. Certain significant components of the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations

The City's officials are also responsible for appointing the members of the board of various organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments. The City is not financially accountable for the organizations to which these appointments are made.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Municipality as a whole) and fund financial statements. Under this reporting model, the focus is on both the Municipality as a whole and the fund financial statements, including the major funds of the governmental and business-type categories, as well as the fiduciary funds, (by fund type) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business- type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected in a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, highways and streets, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, business and occupation taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

The Municipality's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government - wide statements.

The following is a brief description of the specific funds used by the Municipality:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Municipality considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General Fund

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Municipality in a trustee capacity or as an agent for individuals, private organizations and other governments. The fiduciary fund of the Municipality is a pension trust fund. For accounting measurement purposes, the pension trust fund account for the assets of the Municipality's police pension plan. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. Fiduciary funds are not included in the government-wide financial statements.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities, all proprietary funds, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

Revisions are authorized only with the prior written approval of the State Tax Commissioner. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the Municipality's Council and approved by the State Tax Commissioner.

Encumbrances

Encumbrance accounting, under which purchase orders are issued but are not considered expenditures until liabilities for payments are incurred, is not employed as an extension of the formal budgetary process.

Customer Receivables

The Municipality uses the reserve method of providing for possible losses in the collection of its customers' accounts receivable. Management believes all accounts are materially collectible and no allowance is necessary for the year ended June 30, 2008.

Inventories

The Municipality considers inventories of materials and supplies utilized in governmental fund type operations as expended at the time of purchase. Therefore, they do not appear in the Municipality's financial statements. Inventories of materials and supplies utilized in proprietary fund type operations, however, are considered expended at the time of consumption. Therefore, balances on hand at year-end, valued at cost (first-in, first-out) are presented in the Municipality's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Issue Cost

Bond issue costs are amortized over the life of the related bonds using the straight-line method.

Deferred Loss

Deferred loss resulting from an advance refunding of debt related to the proprietary funds is being amortized by the straight-line method over the remaining term of the old debt.

Capitalized Interest

The Municipality capitalizes net interest costs and interest earned as part of constructing various water and sewer projects when material. There was no capitalized interest for the year ended June 30, 2008.

Compensated Absences

The Municipality's policy is to permit employees to accumulate earned but unused vacation benefits. The Municipality fully recognizes the liability related to compensated absences in the governmental and proprietary funds in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 43 without modification.

Interfund Charges

The Municipality allocates to several funds a percentage of the salaries and wages and related cost of personnel who perform services for such funds but are paid out of the general fund.

NOTE 2: PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments: the first installment is payable on September first of the year for which the assessment is made and becomes delinquent on October first: the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are due, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

All municipalities within the state are authorized to levy taxes not in excess of the maximum levies per $100 of assessed valuation. In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per $100 of assessed valuation for each class of property for the year ended June 30, 2008, were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense
Class I	$ 3,700	7.56¢

NOTE 3: CASH

Cash and temporary investments represent amounts being held at banks and the West Virginia Municipal Bond Commission and consist of the following accounts and amounts at June 30, 2008:

	Primary Government Market Value	Component Unit Market Value
Unrestricted accounts		
Petty cash	$ 825	$ -
Bank accounts	1,801,226	51,749
Certificates of deposits	1,109,370	-
Security deposits	150,600	-
Bank accounts - fiduciary funds	81,036	-
Certificates of deposits - fiduciary funds	317,531	-
Total unrestricted	3,460,588	51,749
Restricted accounts		
Repairs and replacement	78,105	-
Reserve for bond retirement	2,910,143	62,097
Reserve for capacity improvements	853,073	-

NOTE 4: COLLATERALIZATION OF DEPOSITS (continued)

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	$ 5,464,874	$ 300,000	$ 5,134,088	$ 30,786	$ 5,791,404

NOTE 5: INTERGOVERNMENTAL BALANCES AND TRANSACTIONS AND INTERFUND TRANSFERS

The composition of interfund balances as of June 30, 2008 is as follows:

Due to/from other funds:

NOTE 6: CHANGES IN FIXED ASSETS

The following is a summary of the changes in governmental and business-type funds property, plant, and equipment:

	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 320,796	$ -	$ -	$ 320,796
Other capital assets				
Buildings and improvements	1,481,274	491,941	-	1,973,215
Land improvements	2,539,936	-	-	2,539,936
Equipment	508,856	8,673	-	517,529
Vehicles	438,480	53,504	-	491,984
Total	4,968,546	554,118	-	5,522,664
Less accumulated depreciation	(1,463,409)	(319,151)	-	(1,782,560

NOTE 6: CHANGES IN FIXED ASSETS (Continued)

	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	$ 2,540,632	$ -	$(2,238,456)	$ 302,176
Capital assets being depreciated:				
Utility plant in service	33,455,674	2,895,733	-	36,351,407
Less accumulated depreciation	(10,735,255)	138,055	(1,005,561)	(11,602,761)
	22,720,419	3,033,788	(1,005,561)	24,748,646
Business-type activities capital assets, net	$ 25,261,051	$ 3,033,788	$(3,244,017)	$ 25,050,822

Depreciation was charged to functions as follows:

Business-type activities:

NOTE 7: LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2008:

Revenue Bonds Payable – Water Fund

Issue	Maturity Date	Interest Rates	Amount Issued	Amount Retired	Amount Outstanding
1987B	2026	%	$ 413,629	$ 206,815	$ 206,814
1988B	2028	%	558,000	257,544	300,456
1989B	2029	%	117,480	51,209	66,271
1998	2028	variable	8,387,550	2,280,150	6,107,400
2002A	2039	5.8%	1,100,000	50,787	1,049,213
2002B	2042	%	3,600,000	427,733	3,172,267
2002C	2032	variable	2,700,000	280,647	2,419,353
2003A	2032	variable	1,000,000	75,000	925,000
2006B	2026	variable	2,000,000	115,000	1,885,000
Total revenue bonds payable at June 30, 2008					16,131,774
Less: Current portion due in upcoming year					(509,853)
Long-term revenue bonds payable at June 30, 2008 (net of current portion)					$ 15,621,921

NOTE 7: LONG-TERM DEBT (continued)

Revenue Bonds Payable – Sewer Fund

Issue	Maturity Date	Interest Rates	Amount Issued	Amount Retired	Amount Outstanding
1988B	2028	%	$ 295,916	$ 136,584	$ 159,332
1998	2028	variable	1,967,450	534,850	1,432,600
1998 Design	2019	2%	437,601	170,214	267,387
2000A	2021	2%	3,163,781	893,374	2,270,407
2002C	2032	variable	1,435,000	114,353	1,320,647
2005A	2035	7%	2,355,000	1,923,765	431,235
2006A	2026	variable	1,820,000	80,000	1,740,000
2007A	2011	4.2%	1,070,000	-	1,070,000
Total revenue bonds payable at June 30, 2008					8,691,608
Less: Current portion due in upcoming year					(330,869)
Long-term revenue bonds payable at June 30, 2008 (net of current portion)					$ 8,360,739

Maturities of sewer revenue bonds payable for each of the five years succeeding June 30,

NOTE 7: LONG-TERM DEBT (continued)

Revenue Bonds Payable – Sewer Fund (continued)

Each of the bond issues also requires monthly deposits to the renewal and replacement fund equal to 2 ½% of monthly gross revenues less reserve funding requirements. The Municipality's deposits, including necessary expenditures for renewals and replacements, exceeded this requirement for the year ended June 30, 2008.

Notes Payable Bank - Water Fund

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.	$ 89,807

Scheduled maturities of the note for each of the five years succeeding June 30, 2008 are estimated as follows:

Year	Principal	Interest	Total
2009	$ 10,213	$ 8,121	$ 18,334
2010	12,159	6,175	18,334
2011	12,783	5,551	18,334
2012	13,983	4,351	18,334
2013	15,295	3,039	18,334

NOTE 7: LONG-TERM DEBT (continued)

Notes Payable Bank - Sewer Fund (continued)

Scheduled maturities of the notes for each of the five years succeeding June 30, 2008 are as follows:

Year	Principal	Interest	Total
2009	$ 13,368	$ 8,791	$ 22,159
2010	9,642	12,517	22,159
2011	12,999	9,160	22,159
2012	14,112	8,047	22,159
2013	15,322	6,837	22,159
2014-2018	67,678	14,150	81,828
2019-2023	11,391	605	11,996
	$ 144,512	$ 60,107	$ 204,619

Lease Revenue Bond Payable Charles Town Building Commission (Component Unit)

Series 1999 Lease Revenue Bond in the original amount of $1,070,000 with an outstanding balance of $722,331 at June 30, 2008. The bond bears interest at 5 to 6.5% and matures June 2019.

NOTE 7: LONG-TERM DEBT (continued)

Lease Revenue Bond Payable Charles Town Building Commission (Component Unit) (continued)

Schedule maturities of the bond for each of the five years succeeding June 30, 2008 are as follows:

Year	Principal	Interest	Total
2009	$ 21,096	$ 13,837	$ 34,933
2010	22,113	12,820	34,933
2011	23,180	11,753	34,933
2012	24,298	10,635	34,933
2013	25,470	9,463	34,933
2014-2018	147,008	27,656	174,664
2019-2020	39,577	1,178	40,755
	$ 302,742	$ 87,342	$ 390,084

NOTE 8: LEASE AGREEMENTS

Operating Leases

NOTE 8: LEASE AGREEMENTS (continued)

General Fund Leases

The Municipality is the lessor of various equipment under capital leases expiring at various times and accounted for in the Municipality's general fund. The assets and liabilities 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 leases is included in depreciation expense in the government-wide financial statements.

Leased Equipment	Expiration	Remaining Minimum (net of interest) Lease Payment
Various general government (primarily public safety and streets) vehicles and equipment	2007-2008	
Total capital leases payable at June 30, 2008		$ 243,565
Less: Current portion due in upcoming year		(70,430)
Long-term capital leases payable at June 30, 2008		$ 173,135

NOTE 8: LEASE AGREEMENTS (continued)

Capital Leases - Water and Sewer Funds

The Municipality is the lessor of various equipment under capital leases expiring at various times and accounted for in the Municipality's Water and Sewer Funds. The assets and liabilities under the capital lease are recorded at their 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, 2008.

Leased Equipment	Expiration	Remaining Minimum (net of interest) Lease Payment
Various utility equipment and vehicles	2007-2010	
Total capital leases payable at June 30, 2008		$ 470,023
Less: Current portion due in upcoming year		(93,147)
Long-term capital leases payable at June 30, 2008 (net of current portion)		$ 376,876

NOTE 9: EMPLOYEES' RETIREMENT SYSTEM

The Municipality has established and maintains the following employees' retirement and benefit funds, as authorized by West Virginia Code 8-22-1, et seq., for all eligible employees.

Employees' Retirement and Benefit Fund

All full-time employees of the Municipality, except those employees of the police department covered by the Municipality's Policemen's Pension and Relief Fund, 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

NOTE 9: EMPLOYEES' RETIREMENT SYSTEM (continued)

Policemen's Pension and Relief Fund (continued)

According to the latest actuarial study of the Municipality's Policemen's Pension and Relief Fund, conducted by Hallet Associates, Inc., the unfunded actuarial liability as of July 1, 2006 was:

Active employees	$ -
Retirees	1,907,129
Total actuarial liability	1,907,129
Assets at market value	413,767
Unfunded actuarial liability	$ 1,493,362

To amortize this unfunded actuarial liability by June 30, 2031, plus provide for normal costs each year, Hallet Associates, Inc. recommended that the Municipality contribute $85,679 annually to the Policemen's Pension and Relief Fund as the employer's share of the contribution. This amount is net of the estimated premium tax allocation of $20,613.

The recommended minimum annual funding is as follows:

NOTE 10: RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Municipality participates in one risk management program administered by the State of West Virginia.

Worker's' Compensation

The Authority is covered by worker's compensation insurance through Brickstreet, a private insurance carrier.

Property and Liability Insurance

Significant losses are covered by commercial insurance for all major programs except for workers' compensation coverage for which the Workers' Compensation Fund retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement charges have not exceeded insurance coverage for the current year or prior years in which commercial coverage has been in force.

NOTE 11: CONTINGENCIES

Litigation

The Municipality is routinely a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse

REQUIRED SUPPLEMENTAL INFORMATION

Municipality of Charles Town, West Virginia
EMPLOYEES' RETIREMENT SYSTEM
For the fiscal year ended June 30, 2008

POLICEMEN'S PENSION AND RELIEF FUND

Pension Plan Funding Progress/Schedules of Funding Progress

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ration (a)/(b)	Covered Payroll	UAAL as Percentage of Covered Payroll
07/01/00	$ 305,428	$ 1,553,844	$ 1,248,416	19.66%	$ 39,216	3183%
07/01/03	$ 369,599	$ 1,659,681	$ 1,290,082	22.27%	$ 48,623	2653%
07/01/06	$ 413,767	$ 1,907,129	$ 1,493,362	21.70%	$ -	-

Schedule of Employer Contributions

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Taxes (including interest and penalties):				
General property tax	$ 637,589	$ 638,789	$ 637,302	$ (1,487)
Business and occupation tax	488,000	678,000	722,454	44,454
Alcoholic beverages tax	60,000	80,974	94,193	13,219
Utility services tax	190,000	145,000	147,867	2,867
Hotel/motel tax	74,000	119,000	143,959	24,959
Other taxes	3,839	3,839	4,011	172
Total taxes	1,453,428	1,665,602	1,749,786	84,184
Licenses and permits	188,000	216,000	200,806	(15,194)
Intergovernmental:				
Federal	-	-	-	-
State	-	-	6,000	6,000
Charges for services	50,000	40,250	38,415	(1,835)
Fines and forfeits	342,000	374,000	442,533	68,533
Street paving fees	100,000	100,000	106,211	6,211
Franchise fees	45,000	45,000	49,500	4,500
Interest			770	770
Video lottery	1,200,000	1,200,000	1,244,374	44,374
	3,500	4,676	30,229	25,553

Municipality of Charles Town, West Virginia
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
State	$ 10,000	$ 10,000	$ 10,997	$ 997
Interest	-	-	21	21
Total revenues	10,000	10,000	11,018	1,018
EXPENDITURES				
Streets and highways	22,629	22,629	-	22,629
Total expenditures	22,629	22,629	-	22,629
Excess (deficiency) of revenues over expenditures	(12,629)	(12,629)	11,018	23,647
Other financing sources (uses):				
Operating transfers out	-	-	(16,806)	(16,806)
Excess (deficiency) of revenues and other financing sources over expenditures and				

OTHER SUPPLEMENTAL INFORMATION

Municipality of Charles Town, West Virginia
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Capital Reserve Fund	Coal Severance Fund	Community Development Fund	Residual Fund	Law Enforcement Fund	Totals
ASSETS						
Cash	$ 1,328,318	$ 12,018	$ 45,761	$ 640,041	$ 5,132	$ 2,031,270
Receivables, net of allowances:						
Accounts (loans)	100,305	-	34,196	-	-	134,501
Grants	-	-	-	-	-	-
Due from:	-	-	-	-	-	-
Other funds	-	-	-	640,795	-	640,795
Total assets	$ 1,428,623	$ 12,018	$ 79,957	$ 1,280,836	$ 5,132	$ 2,806,566
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Due to other governments	460,556					460,556
Total liabilities	460,556	-	-	-	-	460,556
Fund balances:						
Reserved for long-term loans receivable	-	-	34,196	-	-	$ 34,196
Reserved for capital improvements	968,067	-	-	-	-	968,067

Municipality of Charles Town, West Virginia

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	Capital Reserve Fund	Coal Severance Fund	Community Development Fund	Residual Fund	Law Enforcement Fund	Totals
REVENUES						
Intergovernmental:						
Federal	$ 89,944	$ -	$ -	$ -	$ -	$ 89,944
State	8,599	10,997	-	-	-	19,596
Interest	24,009	21	421	25,690	-	50,141
Developer fees	146,314	-	-	-	-	146,314
Other	-	-	-	-	-	-
Total revenues	268,866	11,018	421	25,690	-	305,995
EXPENDITURES						
General government		-	-	-	-	-
Public safety	20,000	-	-	-	475	20,475
Streets and transportation	137,143	-	-	-	-	137,143
Culture and recreation	6,306	-	-	-	-	6,306
Social services	-	-	-	-	-	-
Total expenditures	163,449	-	-	-	475	163,924
Excess (deficiency) of revenues over expenditures	105,417	11,018	421	25,690	(475)	142,071
Other financing sources (uses):						
Transfers from other funds	169,103	-	-	10,000	-	179,103
Transfer to other funds	-	(16,806)	-	-	-	(16,806)
Total other financing sources (uses)	169,103	(16,806)	-	10,000	-	162,297

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Council
Municipality of Charles Town
Charles Town, West Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Charles Town, West Virginia, as of and for the year ended June 30, 2008, which collectively comprise the Municipality of Charles Town's basic financial statements and have issued our report thereon dated April 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality of Charles Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 08-4 and 08-5.

We noted certain matters that we have reported to management of the Municipality of Charles Town in a separate letter dated April 15, 2009.

The Municipality of Charles Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Municipality of Charles Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be

Municipality of Charles Town
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2008

FINDING #08-1

Condition

The Municipality does not maintain subsidiary ledgers for its capital assets and long-term debt in connection with its governmental funds.

Criteria

U.S. Generally Accepted Accounting Principles require governmental entities to maintain this information in order to prepare the government-wide financial statements.

Cause

Historically, the Municipality has accounted for fixed assets and debt on a cash basis.

Effect

The Municipality risks exposure to not capturing all information necessary to prepare complete and accurate government-wide financial statements.

Recommendation

The Municipality should develop a program to establish fixed asset and subsidiary ledgers and records.

Management's Response

FINDING #08-2

Condition

Certain general fund capital leases may not be recorded in accordance with U.S. Generally Accepted Accounting Principles.

Criteria

U.S. Generally Accepted Accounting Principles require that capital leases be recorded as both an asset and obligation of the Municipality in its government-wide financial statements.

Cause

Historically, the Municipality has accounted for general fund capital leases on a cash basis.

Effect

Although the Municipality's governmental funds are not materially misstated, appropriate accounting for capital lease transactions would enhance the usefulness of the Municipality's financial statements.

Recommendation

The Municipality should consider accounting for capital leases in accordance with U.S. Generally Accepted Accounting Principles.

FINDING #08-3

Condition

The Municipality does not maintain developers' fee activity in its major capital reserve fund on the modified accrual basis as required by generally accepted accounting principles.

Criteria

Generally accepted accounting principles requires funds to be maintained on the modified accrual basis including all significant current assets and liabilities.

Cause

Historical accounting practice has been to maintain the fund on a cash basis.

Effect

The Municipality's internal financial reporting does not present significant fund liabilities.

Recommendation

The Municipality should use the modified accrual basis for all governmental funds and assure completeness by maintaining an official computerized accounting system.

Management's Response

FINDING #08-4

Condition

The Municipality is in technical non-compliance with its water and sewer bond resolutions.

Criteria

Covenants in the bond resolutions require the Municipality to maintain a 115% debt service coverage ratio. The Municipality's required coverage is deficient.

Cause

Service fees have not been adequate to cover increasing operating expense.

Effect

The Municipality may not be able to obtain financing until sufficient coverage is attained. Cash flow deficiencies have caused significant operating difficulties for the utilities.

Recommendation

The service fee schedules need to be increased to provide sufficient operating revenue.

Management's Response

Management concurs and is in the process of adjusting rates and charges.

FINDING #08-5

Condition

The Municipality significantly exceeded its approved budget in certain functional areas.

Criteria

Approval must be obtained from the State Tax Department for budget line items and expenditures exceeding the original budgeted amounts and should not be made before obtaining approved amendments.

Cause

Incorrect accounting for fund balance reserves caused the excess expenditures.

Effect

The Municipality was in noncompliance with State requirements.

Recommendation

Accounting procedures for fund balance reservation should be corrected.

Management's Response

Management concurs and will correct procedures.

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APPENDIX D

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_____, 2009

City of Charles Town
(West Virginia)

Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

The Series 2009 A Bonds shall be subject to optional redemption on or after _____ 1, 20___, **[INSERT PREPAYMENT PREMIUM SCHEDULE] [OR] [AT PAR]**.

The Ordinance provides that the Series 2009 A Bonds are issued for the purpose of currently refunding the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), funding a debt service reserve account for the Series 2009 A Bonds and paying costs of issuance of the Series 2009 A Bonds and related costs.

The Series 2009 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated _____, 200__, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate 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 and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase

4. The Series 2009 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity 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, (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000, (10) Combined Waterworks and

excludable from gross income of the holders 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 Series 2009 A 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 or any other federal tax consequences arising with respect to the Series 2009 A Bonds. Prospective purchasers of the Series 2009 A 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 (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2009 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2009 A Bonds set forth in the Ordinance, the Escrow Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2009 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2009 A Bonds.

Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2009 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2009 A Bonds and the enforceability of the Series 2009 A Bonds, the Ordinance, the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by 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 do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2009 A Bonds.

We have examined the executed and authenticated Series 2009 A Bonds of said issue, and in our opinion, said Series 2009 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

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APPENDIX E

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Charles Town (the "Issuer"), and United Bank, Inc., Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of $_____ City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Bank Qualified) (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on July 6, 2009 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 20, 2009 (the "Supplemental Resolution" and together with the Original Ordinance, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-l2(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated _____, 2009, which apply to any capitalized term used in the Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C. the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

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

"Repository" shall mean each National Repository and the State Repository, if any.

"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.

Dissemination Agent. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to the Repositories its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Due Date the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to the Agreement, stating the date it was provided and listing the Repositories to which it was provided.

SECTION 4. Content of Annual Financial Information. Within 365 days of the Issuer's 2009 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to each Repository information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

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 except as provided by the Ordinance;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement 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. United Bank, Inc., Charleston, West Virginia, is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, 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 the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement 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;

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

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchaser), the Dissemination Agent may or 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 or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion

Date: _____, 2009

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

UNITED BANK, INC.,
as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: $_____ City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A

Date of Issuance: _____, 2009

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

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APPENDIX F

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CITY OF CHARLES TOWN
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2009 A

BOND ORDINANCE

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Bond Ordinance

CITY OF CHARLES TOWN
(WEST VIRGINIA)

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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 Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding 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 Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of the City of Charles Town and other users of the System to currently refund its outstanding Series 1998 Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 1998 Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, in the original aggregate principal amount of not more than $8,000,000 (the "Series 2009 A Bonds"), such Series 2009 A Bonds to be secured by and payable from the Gross Revenues (as hereinafter defined) of the System; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the residents of the City that its Series 2009 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser.

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

"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.

"DTC-eligible" means, with respect to the Series 2009 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.

"Governing Body" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the City Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"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 Accountants" 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, 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.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2009 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2009 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2009 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2009 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" 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 2009 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding," when used with reference to 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 Bond at or prior to said date; (b) any

"Series 2009 A Bonds Redemption Account" means the Series 2009 A Bonds Redemption Account established in the Series 2009 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established in the Series 2009 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2009 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2009 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2009 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2009 A Bonds.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 4 02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2009 A Bonds and the Prior Bonds.

"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 to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2009 A Bonds and authorizing the sale of the Series 2009 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.

"Surplus Revenues" means the Gross Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the funds and accounts established for the Prior Bonds or the Series 2009 A Bonds.

"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 Series 2009 A 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 now owns and operates, through the Board, a municipal combined water and sewerage System, the construction, extension and improvement of which it has financed or refinanced pursuant to the issuance of the Prior Bonds.

C. The Issuer has determined that present value debt service savings will result from the current refunding of its Outstanding Series 1998 Refunding Bonds, and that it is in the best interest of the residents of the Issuer and other users of the System to currently refund such Series 1998 Refunding Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, in the original aggregate principal amount of not more than $8,000,000, in order to repay in full the remaining principal balance of and all accrued interest on the Issuer 's Series 1998 Refunding Bonds. The proceeds of the Series 2009 A Bonds may also be applied to funding the Series 2009 A Bonds Reserve Account and the payment of underwriter's discount, legal expenses; expenses for estimates of costs and revenues; 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 registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; 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

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 2009 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 Registered Owners of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with such Prior Bonds if required by the Prior Ordinances.

Other than the Prior Bonds and the Series 2007 A Notes, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds and the Series 2007 A Notes. Except for such pledge thereof to secure and pay the Prior Bonds and the Series 2007 A Notes, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2009 A Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2009 A Bonds, the Series 2009 A Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Prior Bonds, and senior as to liens, pledge, source of and security for payment to the Series 2007 A Notes.

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 repair, maintenance and operation of the System, the payment of interest on the Series 2009 A Bonds, the Series 2007 A Notes and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2009 A Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefore, 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 2009 A Bonds, and secure the Series 2009 A Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2009 A Bonds Reserve Account, unexpended proceeds of the Series 2009 A Bonds and as further set forth herein.

J. The Series 2009 A 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 2009 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.

K. All things necessary to make the Series 2009 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 2009 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2009 A Bonds, 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.

M. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2009 A Bonds and the refunding of the Series 1998 Refunding 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 West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2009 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 2009 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 Registered Owners 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 Registered Owners of any and all of such Series 2009 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2009 A Bond and any other Series 2009 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 3.03. Authentication and Registration. No Series 2009 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 Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2009 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2009 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2009 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2009 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 2009 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2009 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 Registered Owner, in accepting any of said Series 2009 A Bonds, shall be conclusively deemed to have agreed that such Series 2009 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 shall further be conclusively deemed to have agreed that said Series 2009 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2009 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2009 A Bonds. The Series 2009 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 2009 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 2009 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 2009 A Bond is exercised, Series 2009 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2009 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2009 A Bonds, the initial exchange of Series 2009 A Bonds and exchanges of such 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 2009 A Bonds, the Registrar

may impose a service charge. For every such transfer or exchange of such 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 2009 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 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 so destroyed, stolen or lost, and upon the Registered Owner 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 Registered Owner listed in the Bond Register shall constitute proof of ownership. All 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 thereof.

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. In the event Term Bonds are issued as part of the Series 2009 A Bonds issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2009 A Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th 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.

B. 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

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 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 therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefore to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 1998 Refunding Bonds, funding the Series 2009 A Bonds Reserve Account and paying costs of issuance of the Series 2009 A Bonds and related costs, there shall be issued the Series 2009 A Bonds of the Issuer, in an aggregate principal amount of not more than $8,000,000. The Series 2009 A Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2009 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2009 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2009 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates 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. Book Entry System for Series 2009 A Bonds. The Series 2009 A Bonds (if purchased by the Original Purchaser) shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2009 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2009 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect: "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate 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."

With respect to Series 2009 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2009 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2009 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2009 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2009 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2009 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2009 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2009 A Bonds shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2009 A Bonds shall designate, in accordance with the provisions of this Ordinance. The

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 (or continued if previously established by the Prior Ordinances), 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 and used solely for the purposes provided herein:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances),

(3) Series 2009 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 2009 A Bonds Sinking Fund;

(a) Within the Series 2009 A Bonds Sinking Fund:

(i) Series 2009 A Bonds Reserve Account; and

(ii) Series 2009 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2009 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, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior

Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds, if any; and (ii) commencing 7 months prior to the first interest payment date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 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 2009 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 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 Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund and in the Series 2009 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2009 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2009 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 7 months if the Series 2009 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 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

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) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on the Series 2007 A Notes or any other subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund 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 Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the 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. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

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

D Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2009 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE REBATES AND CONTINUING DISCLOSURE CERTIFICATE

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 moneys 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 moneys 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 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 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:

(A) Qualified Investments acquired for the Renewal and Replacement Fund or any 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 each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable 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 a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, 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 applicable Sinking Fund and otherwise in accordance with Section 4.03(3).

(D) All amounts representing accrued interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds and invested only in

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 2009 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 2009 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 2009 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2009 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2009 A Bonds, all as herein provided. No Holder or Holders of the Series 2009 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 A Bonds or the interest thereon.

Section 6.03. Series 2009 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2009 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, which lien and pledge are senior and prior to the lien in favor of Holders of the Series 2007 A Notes. The payment of the debt service on the Series 2009 A Bonds shall also be secured by the moneys in the Series 2009 A Bonds Sinking Fund, including the Series 2009 A Bonds Reserve Account therein. 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 2009 A Bonds herein authorized, and to make the payments into the Series 2009 A Bonds Sinking Fund, all moneys and securities in the Series 2009 A Bonds Sinking Fund, including the Series 2009 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 2009 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2009 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created hereunder. 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 hereby covenants and agrees that the schedule or schedules 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 Annual Debt Service on the Series 2009 A Bonds, and all obligations issued on a parity with the Series 2009 A Bonds, including the Prior Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

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. Operation and Maintenance. 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 and the Series 2007 A Notes are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2009 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 fully pay all the Bonds and Series 2007 A Notes Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances. 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 respective Sinking Funds, 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 Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary.

be financed by such parity Bonds 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.

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 Accountants, 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 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 2009 A 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 2009 A Bonds, 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.

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 Surplus Revenues, on a parity with the Series 2007 A Notes. 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 2009 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, if any (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.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2009 A Bonds remain Outstanding, the Issuer 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 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 time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence 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 from claims arising out of operation or ownership of motor vehicles of or for the System.

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 Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed 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. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer or 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. 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

Section 6.16. 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 2009 A 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 such Series 2009 A Bonds during the term thereof is, under the terms of such 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 2009 A 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 2009 A Bonds during the terms thereof is, under the terms of such Series 2009 A 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 2009 A 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 2009 A 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2009 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

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 2009 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 2009 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 2009 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 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 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 2009 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, and senior and prior to any statutory mortgage lien in favor of the Holders of the Series 2007 A Notes.

Section 6.18. Designation of Series 2009 A Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2009 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2009 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $30,000,000 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 2009 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2009, all as determined in accordance with the Code.

operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Registered Owners of the Bonds, 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.

Section 7.04. Restoration of Issuer and Registered Owners. In case any Registered Owner 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 Registered Owners shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owners shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2009 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2009 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries 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 2009 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2009 A Bonds. The Fiduciaries 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 Fiduciaries May Act. Except as otherwise provided by Section 10.02, the Fiduciaries shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. Whenever any Fiduciary 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 such Fiduciary may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2009 A Bonds, the first exchange of Series 2009 A Bonds and the exchange of Series 2009 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2009 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 Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Series 2009 A Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2009 A Bonds Outstanding.

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 moneys 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 Registered Owners of all Series 2009 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, then this Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2009 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, 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 first paragraph of this section. All Series 2009 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 moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, 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 Series 2009 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2009 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys 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 Series 2009 A 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. For the purpose of this section, securities shall mean and include only Government Obligations.

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
P. O. Box 14
Charles Town, West Virginia 25414
Attention: City Manager

REGISTRAR AND PAYING AGENT:

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK:

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASERS:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

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 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 Series 2009 A 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 2009 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 Registered Owners of the Series 2009 A Bonds 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 Registered Owners of the Series 2009 A Bonds 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, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, City Manager, City Clerk and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office

Section 10.14. 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 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 Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on July 6, 2009, at 7:00 p.m., 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.

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of the CITY OF CHARLES TOWN at a regular meeting of the Council held at 7:30 p.m., on July 6, 2009, 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 published and 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 ____ day of _____, 2009.

[SEAL]

_____
City Clerk

EXHIBIT A - SERIES 2009 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City shall default in the payment of interest on any Interest Payment Date,

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(14) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes

514456\1

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: _____, _____

_____
as Registrar

By _____
Its Authorized Officer

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.

144220 00023

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the City and the Underwriter believe to be reliable, but neither the City nor the Underwriter take any responsibility for the accuracy thereof.

The Depository Trust Company

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 the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100

the transaction. Transfers of ownership interests in the Securities 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 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 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 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 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 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. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to

subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE INFORMATION PROVIDED IMMEDIATELY ABOVE UNDER THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CITY OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE

(iv) the payment to any DTC participant or indirect participant or any other person other than the registered owner of a bond, as shown in the bond register, of any amount with respect to the principal of, redemption price, or interest on, any bond; or

(v) any consent given by DTC as registered owner.

Prior to the discontinuation of the book-entry only system as described above, the City and the Paying Agent may treat DTC and any successor securities depository to be the absolute owner of the bonds for all purposes, including, without limitation:

(i) The payment of principal of redemption price or interest on the bonds;

(ii) giving notices of redemption and other matters with respect to the bonds;

(iii) registering transfers with respect to the bonds; and

(iv) the selection of bonds for redemption.

The Beneficial Owners of the Bonds have no right to a securities depository for the Bonds. DTC or any successor securities depository may resign as depository for the Bonds by giving notice to the Paying Agent and discharging its responsibilities under applicable law. In addition, the City may remove DTC or a successor securities depository for any reason at any time. In such event, the City shall (i) appoint a securities depository qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, notify the prior securities depository

APPENDIX H

ANNUAL DEBT SERVICE REQUIREMENTS

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NEW ISSUE

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 A Bonds (i) is excludable from gross income of the owners thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, and (ii) is not a specific item of tax preference, under Section 57(a)5 of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2009 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2009 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia (see "Tax Matters" herein).

$7,120,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS (BANK-QUALIFIED)
SERIES 2009 A

Dated: Date of Delivery — Due: October 1, as shown below

The Series 2009 A Bonds (the "Series 2009 A Bonds") are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2009 A Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2009 A Bonds will be in book-entry form only. Semiannual interest on the Series 2009 A Bonds is payable beginning April 1, 2010, and each April 1 and October 1 thereafter. So long as the Series 2009 A Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2009 A Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Ordinance and any Supplemental Resolution, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2009 A Bonds. See "THE SERIES 2009 A BONDS" herein and "APPENDIX G – BOOK-ENTRY ONLY SYSTEM."

The proceeds of the Series 2009 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City of Charles Town's (the "City") Series 1998 Bonds; (ii) fund the Series 2009 A Bonds Reserve Account; and (iii) pay costs of issuance of the Series 2009 A Bonds and related costs.

The Series 2009 A Bonds are payable from and secured by the Gross Revenues derived from the existing combined municipal waterworks and sewerage system of the City and any extensions, improvements and betterments thereto on parity with the outstanding Prior Bonds and senior and prior to the Series 2007 A Notes and from funds on deposit in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account therein, all as more fully described herein. The Series 2009 A Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the principal of, premium, if any, and interest on the Series 2009 A Bonds, except from the Gross Revenues and such funds on deposit. No Owner or Owners of the Series 2009 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2009 A Bonds or the interest thereon.

The Series 2009 A Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

The City has designated the Series 2009 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code. See "TAX MATTERS" herein for a more complete description of the opinions of Bond Counsel and additional federal tax law consequences.

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS**
$5,065,000 Series 2009 A Serial Bonds

Maturity	Amount	Interest Rate	Price	Yield	CUSIP
10/01/2010	$305,000.00	2.000%	100.000%	2.000%	160028 BX3
10/01/2011	$365,000.00	2.500%	100.000%	2.500%	160028 BY1
10/01/2012	$380,000.00	3.000%	100.000%	3.000%	160028 BZ8
10/01/2013	$390,000.00	3.200%	100.000%	3.200%	160028 CA2
10/01/2014	$410,000.00	3.400%	100.000%	3.400%	160028 CB0
10/01/2015	$305,000.00	3.600%	100.000%	3.600%	160028 CC8
10/01/2016	$320,000.00	3.800%	100.000%	3.800%	160028 CD6
10/01/2017	$325,000.00	4.000%	100.000%	4.000%	160028 CE4
10/01/2018	$340,000.00	4.000%	99.260%	4.100%	160028 CF1
10/01/2019	$355,000.00	4.100%	99.196%	4.200%	160028 CG9
10/01/2020	$370,000.00	4.200%	99.136%	4.300%	160028 CH7
10/01/2021	$380,000.00	4.350%	99.082%	4.450%	160028 CJ3
10/01/2022	$395,000.00	4.500%	99.033%	4.600%	160028 CK0
10/01/2023	$425,000.00	4.600%	98.985%	4.700%	160028 CL8

$890,000.00 4.625% Term Bonds, Due October 1, 2025 at 98.286% CUSIP 160028 CM6
$1,165,000.00 5.000% Term Bonds, Due October 1, 2028 at 100.00% CUSIP 160028 CN4

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2009 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, 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. Steptoe & Johnson PLLC, Martinsburg, West Virginia, as counsel to the City, will pass on certain legal matters for the City and Hoy G. Shingleton, Jr., Esquire, Martinsburg, West Virginia, will pass on certain matters for the Utility Board. Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter. It is expected that the Series 2009 A Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about December 1, 2009.

Crews&Associates

Dated: November 16, 2009

CITY OF CHARLES TOWN, WEST VIRGINIA
Peggy A. Smith, Mayor

CITY COUNCIL

Richard J. Bringewatt
Donald W. Clendening
MaryLois Gannon-Miller
Chester A. Hines
Ruth McDaniel
Ann Paonessa
Michael Slover
Sandra Slusher McDonald

CITY MANAGER
Gary Rawlings

CITY CLERK
Joseph Cosentini

CITY ATTORNEY
Steptoe & Johnson PLLC

CHARLES TOWN UTILITY BOARD
Charles W. Kline
Pete Kubic, PE
Kristen Ringstaff
Thomas W. Stocks
Gary Rawlings, City Manager

UTILITY MANAGER
Jane E. Arnett, CPA

UTILITY'S COUNSEL

Hoy G. Shingleton, Jr.

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.
Charleston, West Virginia

UNDERWRITER'S COUNSEL
Jackson Kelly PLLC
Charleston, West Virginia

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2009 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City of Charles Town, West Virginia, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the City of Charles Town and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City of Charles Town, West Virginia, as it relates to 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 purposes.

The information contained in this Official Statement has been obtained from the City, its Utility Board and other sources believe to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its Utility Board.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws

as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Series 2009 A Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

** CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Series 2009 A Bonds only at the time of issuance of the Series 2009 A Bonds, and neither the Underwriter nor the City make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2009 A Bonds.

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OFFICIAL STATEMENT

$7,120,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS (BANK QUALIFIED)
SERIES 2009 A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning the City of Charles Town, West Virginia (the "City"), the City's combined waterworks and sewerage system as hereinafter described in "APPENDIX B – SYSTEM" (the "System"), and the City's $7,120,000 in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds (Bank Qualified), Series 2009 A (the "Series 2009 A Bonds"). The Series 2009 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia of 1931, as amended (the "Act'), and an Ordinance enacted by the City Council of the City on July 6, 2009 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 20, 2009 (the "Supplemental Resolution" and together with the Original Ordinance, the "Ordinance") and a Certificate of Determination signed by the Mayor dated November 17, 2009. See "APPENDIX F – ORDINANCE."

The proceeds of the Series 2009 A Bonds will be used, together with other available funds, as follows: (i) to finance the costs of currently refunding the City's 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, of which as of October 23, 2009 $6,980,000.00 is outstanding (the "Series 1998 Bonds"); (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay costs of issuance of the Series 2009 A Bonds and related costs. The City expects to call the Series 1998 Bonds for redemption on or about January 4, 2010.

There are outstanding obligations (and the October 23, 2009 balances) of the City which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment from the Gross Revenues derived from the System (both as hereinafter defined), 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, of which $185,044.49 is outstanding (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, of which $144,156.00 is outstanding (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, of which $271,840.00 is outstanding (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, of which $60,246.20 is outstanding (the "Series 1989 B Bonds");

(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, of which $240,553.94 is outstanding (the "Series 1998 Design Bonds");

(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, of which $2,084,921.00 is outstanding (the "Series 2000 A Bonds");

(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, of which $1,024,535.00 is outstanding (the "Series 2002 A Bonds");

(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, of which $3,062,337.51 is outstanding (the "Series 2002 B Bonds");

(9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000, of which $3,655,000.00 is outstanding (the "Series 2002 C Bonds");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT – Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000, of which $905,000.00 is outstanding (the "Series 2003 A Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000, of which $660,000.00 is outstanding (the "Series 2005 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000, of which $1,695,000.00 is outstanding (the "Series 2006 A Bonds"); and

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000, of which $1,820,000.00 is outstanding (the "Series 2006 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 Design Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2002 C Bonds, the Series 2003 A Bonds, the Series 2005 A Bonds, the Series 2006 A Bonds, and the Series 2006 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 City also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the City for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Net Revenues of the System. The Series 2007 A Notes mature on April 1, 2011, and the City anticipates issuing revenue bonds to repay the Series 2007 A Notes on or before April 1, 2011[1].

The City anticipates issuing bonds in 2009 or early 2010 to pay for an upgrade to the waterworks portion of the System that will be on a parity with the Series 2009 A Bonds. The City anticipates that such bonds will be purchased by the West Virginia Water Development Authority as a part of the West Virginia Bureau of Public Health's ARRA Program.

The Series 2009 A Bonds are payable from and secured by the Gross Revenues derived from the System on parity with the Prior Bonds and from funds on deposit in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account therein. The Series 2009 A Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Series 2009 A Bonds or premium, if any, or the interest thereon except as provided above. See "SECURITY FOR THE SERIES 2009 A BONDS."

Pursuant to the Ordinance, the City has covenanted and agreed to fix and establish, in a manner and form required by law, rates and charges for the use of the System and the services rendered thereby 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 to pay the principal of and interest on the Series 2009 A Bonds, and all obligations issued on a parity with the Series 2009 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2009 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2009 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal and interest, if any, on the Series 2009 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2009 A BONDS – RATE COVENANT" and "APPENDIX F – ORDINANCE."

The audited financial statements of the City as of and for the twelve-month periods ended June 30, 2006 and June 30, 2008, each included a note that the debt service coverage ratio for the System was deficient and in non-compliance with the Prior Ordinances. (The City had covenanted to establish and collect rates and charges sufficient to produce revenues from the

[1] The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

System equal to at least 115% of the maximum annual debt service on the Prior Bonds. For the fiscal years ended June 30, 2006 and June 30, 2008, the revenues produced from the System were less than 115% of the maximum annual debt service on the Prior Bonds.) The City enacted an ordinance which increased sewer user rates and charges effective September 21, 2006 (and filed same with the Public Service Commission of West Virginia on October 4, 2006); and the City enacted an ordinance which increased water user rates and charges effective May 30, 2008 (and filed same with the Public Service Commission of West Virginia on June 26, 2008). The audited financial statements of the City as of and for the twelve-month period ended June 30, 2007 confirmed that the City exceeded its coverage requirements for fiscal year ending June 30, 2007. The audit of the financial statements of the City as of and for the twelve-month period ended June 30, 2009 is not expected to be completed until January 2010; however, the financial information compiled by the City and incorporated into its two respective Annual Reports for Year Ended June 30, 2009 to the Public Service Commission of West Virginia for Sewer Utilities (Classes A and B) and Water Utilities (Classes A and B) (collectively, the "2009 Annual Report to PSC") shows that the City exceeded its coverage requirements for the fiscal year ending June 30, 2009 (specifically, the Gross Revenue to Debt (including Reserve Accounts) ratios reported therein are 1.5947 and 4.31746 respectively)[2]. The City consistently exceeded coverage requirements for the five fiscal years prior to the fiscal year ended June 30, 2006.

The Series 2009 A Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2009 A BONDS" herein. The Series 2009 A Bonds initially will be maintained under a book-entry system. So long as the Series 2009 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2009 A Bonds shall be determined as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2009 A Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Bond Commission" or "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by United Bank, Inc., Charleston, West Virginia, as bond registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2009 A BONDS" herein.

For a description of the exclusion of interest on the Series 2009 A Bonds from gross income for federal and state income tax purposes, see "TAX MATTERS" herein.

The City may issue additional bonds on parity with the Prior Bonds and with the Series 2009 A Bonds for the purposes of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, of refunding all or a portion of the Series 2009 A Bonds issued pursuant to the Ordinance, or refunding the Prior Bonds or the Series 2007 A Notes, of paying claims which may exist against the revenues or facilities of the System, or of all such purposes, subject in each case to certain tests and conditions provided for by the Ordinance. See "SECURITY FOR THE SERIES 2009 A BONDS – ADDITIONAL PARITY BONDS." See "APPENDIX F – ORDINANCE."

[2] The information included in the 2009 Annual Report to PSC has not been audited by an independent firm of certified public accountants or subjected to a review or any other procedures by such CPAs.

Brief descriptions of the Series 2009 A Bonds, the System, the City and certain provisions of the Ordinance and the Act are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2009 A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the City or, during the period of offering the Series 2009 A Bonds, from the Underwriter.

FINANCING PLAN

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2009 A Bonds	$7,120,000.00
Transfer from Series 1998 Bonds Sinking Fund	$ 112,137.92
Transfer from Series 1998 Bonds Reserve Account	$ 794,426.00
Total Sources	$8,026,563.92
Uses of Funds:	
Refunding of Series 1998 Bonds	$7,143,530.44
Deposit to Series 2009 A Bonds Reserve Account	$ 657,042.50
Original Issue Discount	$ 35,443.40
Costs of Issuance (1)	$ 189,600.00
Rounding Amount	$ 947.58
Total Uses	$8,026,563.92

(1) Includes legal and financing fees, printing costs, bond counsel fees, underwriter's discount and underwriter's counsel fees, and other miscellaneous expenses relating to the issuance of the Series 2009 A Bonds.

THE SERIES 2009 A BONDS

General

The Series 2009 A Bonds shall be dated as of the date of delivery, and 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 2009 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 2009 A Bonds shall be in default, Series 2009 A Bonds issued in exchange for a Series 2009 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 2009 A Bonds surrendered. The Series 2009 A Bonds will bear interest from their date, payable semiannually on each April

1 and October 1, commencing April 1, 2010, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement[3]. Interest accruing on the Series 2009 A Bonds shall be payable by check or draft mailed by the West Virginia Bond Commission, Charleston, West Virginia (the "Paying Agent"), to the Registered Owner as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of the Series 2009 A Bonds, that special record date to be fixed by the 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 City maintained by the Registrar, or at the option of any Registered Owner of at least $1,000,000 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 for payment at the office of the Paying Agent, in Charleston, West Virginia.

The Series 2009 A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or integral multiples thereof for any year of maturity. The Series 2009 A Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2009 A Bonds and payments of principal of, redemption price if any, and interest on the Series 2009 A Bonds will be made as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, interest on the Series 2009 A Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). If the book-entry system is discontinued, principal of and premium, if any, on the Series 2009 A Bonds will be payable to the owner thereof upon surrender thereof at the office of the Paying Agent.

Optional Redemption

The Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the City at par plus accrued interest thereon to the date set for redemption.

So long as the Series 2009 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2009 A Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM."

Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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:

[3] The interest payment dates set forth in the Ordinance are not consistent with these dates. These dates will be established in the Certificate of Determination as is permitted by the Ordinance.

Bonds Maturing 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025*	$455,000.00

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028*	$355,000.00

*Final maturity.

If less than all of the Series 2009 A Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of Redemption

At any other time, notice to the Registered Owner and the Underwriter of any redemption shall be given by the Registrar at least 30 days and not more than 60 days prior to the date fixed for redemption by registered or certified mail to the address appearing in the Register or to such other address as is furnished in writing by such Registered Owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2009 A Bonds, and failure to mail such notice shall not affect the validity of any such proceedings for the redemption of any portion of the Series 2009 A Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinance described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2009 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

SECURITY FOR THE SERIES 2009 A BONDS

The Series 2009 A Bonds are special obligations of the City and are payable as to principal, premium, if any, and interest solely from the sources described below. The City is under no obligation to pay the Series 2009 A Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2009 A Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Gross Revenues derived from the operation of the System on parity with the Prior Bonds. The payment of the debt service on the Series 2009 A Bonds is also secured by the funds on deposit in the Series 2009 A Bonds Sinking Fund, including the Series 2009 A Bonds Reserve Account therein. See "APPENDIX H – ANNUAL DEBT SERVICE REQUIREMENTS" for more information. The Gross Revenues derived from the System, in an amount sufficient (1) to pay the principal of and interest on the Prior Bonds, (2) to make the payments into the Series 2009 A Bonds Sinking Fund, (3) to make

the payments into the Series 2009 A Bonds Reserve Account, and (4) to make all other payments provided for in the Ordinance, are irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2009 A Bonds as the same become due and for the other purposes provided in the Ordinance. See "APPENDIX F – ORDINANCE."

Rate Covenant

The City has covenanted and agreed in the Ordinance to fix and establish, in a manner and form required by law, rates and charges for the use of the System, 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 to pay the principal of and interest on the Series 2009 A Bonds, and all obligations issued on a parity with the Series 2009 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2009 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2009 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal and interest, if any, on the Series 2009 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds, including the Prior Bonds. The City is required to commence enactment of such ordinances as may be required to increase such rates and charges within thirty (30) days following a determination by, or an annual audit report of, the Independent Accountant showing that less than the above-required coverage exists. See "APPENDIX F – ORDINANCE."

Series 2009 A Bonds Reserve Account

The Series 2009 A Bonds Reserve Account will be funded with proceeds of the Series 2009 A Bonds. In the event funds in the Series 2009 A Bonds Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2009 A Bonds, the Bond Commission shall withdraw from the Series 2009 A Bonds Reserve Account and transfer to the Series 2009 A Bonds Sinking Fund sufficient amounts to make payments of principal of and/or interest on the Series 2009 A Bonds as the same become due from cash on deposit in the Series 2009 A Bonds Reserve Account.

In the event of a transfer from the Series 2009 A Bonds Reserve Account to the Series 2009 A Bonds Sinking Fund as aforesaid, the City shall restore the balance to the Series 2009 A Bonds Reserve Account in an amount up to the Series 2009 A Bonds Reserve Requirement. Any deficiencies in the Series 2009 A Reserve Account or any Reserve Account required for the Prior Bonds (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) shall be promptly eliminated with monies from the Renewal and Replacement Fund. The City shall restore any withdrawals from the Series 2009 A Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2009 A Bonds Reserve Requirement, from the first Gross Revenues available after all required payments have been made in full in the order set forth in the Ordinance. See "APPENDIX F—ORDINANCE."

Application of Revenues

The entire Gross Revenues derived from the operation of the System shall be deposited by the City in the Revenue Fund and shall be disposed of only in the following manner and order of priority:

(1) the City shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 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 2009 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 A Bonds Sinking Fund;

(2) the City shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund and in the Series 2009 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2009 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2009 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 6 months if the Series 2009 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 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 2009 A Bonds Sinking Fund and not previously credited pursuant to the preceding clause;

(3) the City shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2009 A Bonds, [if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement]; provided that, no

further payments shall be made into the Series 2009 A 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 2009 A Bonds Reserve Requirement;

(4) the City shall next, each month, pay from the Revenue Fund the current Operating Expenses of the System;

(5) the City 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; and

(6) the City may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on the Series 2007 A Notes or any other subordinate bonds, notes, certificates or other obligations of the System.

Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2009 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System. See "APPENDIX F – ORDINANCE."

Enforcement of Collections

The City covenants in the Ordinance to 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 and 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 or other laws of the State. The City further covenants and agrees in the Ordinance that it will, subject to the laws of the State and regulations of the Public Service Commission of West Virginia, discontinue services to all delinquent users of services and facilities of the System, until such delinquent amounts, including penalties and reconnect fees, have been fully paid. (See "APPENDIX B – THE SYSTEM" and "APPENDIX F – THE ORDINANCE").

Additional Parity Bonds

So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as defined in the Ordinance, payable out of the revenues of the System shall be issued after the issuance of the Series 2009 A Bonds pursuant to the Ordinance, except under the conditions and in the manner therein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of the Series 2009 A Bonds issued pursuant to the Ordinance, or refunding the Prior Bonds or the Series 2007 A Notes, 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 Clerk of the City a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived, from the System during any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such parity Bonds, if any, shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds then Outstanding;

(2) The Series 2009 A Bonds then Outstanding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(4) The additional parity Bonds then proposed to be issued.

Notwithstanding the foregoing, the City shall be permitted to issue bonds which refund any Outstanding Series 2009 A Bonds, any additional parity Bonds hereafter issued, any Prior Bonds or the Series 2007 A Notes if, prior to the issuance of such refunding bonds, the City shall have filed with the Clerk: (i) a verification report of the Independent Accountants concluding that present value debt service savings shall be realized by the City as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the Independent Accountants reciting the conclusion that the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds Outstanding after such refunding;

(2) The Series 2009 A Bonds Outstanding after such refunding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding; and

(4) The additional parity refunding 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 (a) the improvements to be financed by such parity Bonds and (b) any increase in rates enacted by the City, 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 City 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 Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such 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 2009 A Bonds, and all the covenants and other provisions of the Ordinance shall be for the equal benefit, protection and security of the Owners of the Series 2009 A Bonds, the Prior Bonds and the Owners 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 City shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

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 Surplus Revenues, on a parity with the Series 2007 A Notes. The City 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 2009 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds. See "APPENDIX F – ORDINANCE."

The City covenanted, when issuing the Series 2007 A Notes, that other than refunding bonds or refunding notes, the City shall not issue any other obligations payable from Gross Revenues until combined waterworks and sewerage system revenue bonds have been issued by the City, the proceeds of which shall be used to refund the Series 2007 A Notes or the Series 2007 A Notes have otherwise been paid in full.

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 and operated by the City through the City of Charles Town Utility Board (the "Board"). For additional information regarding the combined systems, see "APPENDIX B – THE SYSTEM," herein. For information regarding Jefferson County in which the City is situated, see "APPENDIX A – GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA."

INVESTMENT CONSIDERATIONS

The Series 2009 A Bonds are secured solely by the Gross Revenues of the System. There can be no guarantee that current rates of the System will always produce revenue sufficient to pay the debt service on the Prior Bonds and the Series 2009 A Bonds. The City has covenanted in the Ordinance to raise the rates of the System if the Gross Revenues of the System are not sufficient to provide the required coverage of the maximum annual debt service of the Series 2009 A Bonds and all bonds issued on a parity with the Series 2009 A Bonds and the Prior Bonds. After enactment of a rate increase, however, if twenty-five percent or more of the City's customers file a petition protesting the rate increase, the Public Service Commission of West Virginia (the "PSC") will have jurisdiction to review and modify the rates of the City. If a rate increase is appealed, there can be no assurance that the PSC will approve the increase of rates and charges to a level sufficient to generate revenues sufficient to pay the debt service on the Prior Bonds and the Series 2009 A Bonds and meet the coverage requirements. The PSC is not expressly statutorily required to set rates sufficient to satisfy the bond covenants of any water or sewer utility.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 A Bonds [(including original issue discount properly allocable to holders of the Series 2009 A Bonds)] (i) is excludable from gross income of the holders thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, and (ii) is not a specific item of tax preference, under Section 57(a)5 of the Code, in computing the

federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2009 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2009 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. It should be noted, however, that interest on the Series 2009 A Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations.

The City has designated the Series 2009 A Bonds as "qualified" tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenanted that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C) of the Code), including the Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2009, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer. Therefore, the Series 2009 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred to purchase or carry most tax-exempt obligations does not apply to the Series 2009 A Bonds.

Original Issue Discount

The original issue discount in the selling price of Series 2009 A Bonds maturing on October 1, 2018 through October 1, 2025 (the "Discount Bonds"), to the extent properly allocable to each owner of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond.

Purchasers of any Discount Bond at any original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

The opinions described above are subject to the condition that the City complies 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 Series 2009 A Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2009 A Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2009 A Bonds.

The accrual or receipt of the interest on the Series 2009 A 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 deductions. 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 2009 A Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2009 A Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, the form of which is attached as APPENDIX D. Steptoe & Johnson PLLC, Martinsburg, West Virginia, as counsel to the City, will pass upon certain legal matters for the City. Hoy G. Shingleton, Jr., Esquire, Martinsburg, West Virginia, as counsel for the Utility Board, will pass upon certain legal matters for the Utility Board. Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the City's financial position or on the validity of the Series 2009 A Bonds, the Ordinance or any agreement to which the City is a party and which is a part of the issuance of the Series 2009 A Bonds.

UNDERWRITING

The Series 2009 A Bonds are being purchased by the Underwriter named on the cover of this Official Statement. The Bond Purchase Agreement provides that the Underwriter will purchase the Series 2009 A Bonds, if any are purchased, at a total purchase price of $6,959,956.60 (which is net of an underwriting discount of $124,600.00 and net of an original issue discount of $35,443.40). The obligation to make such purchase is subject to the terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to

time. The Underwriter may offer and sell Series 2009 A Bonds to certain dealers (including dealers depositing the Series 2009 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL STATEMENTS

Included in Appendix C are the audited financial statements of the City as of and for the twelve-month period ended June 30, 2008, and the report with respect to the audited financial statements as of and for the twelve-month period ended June 30, 2008, dated April 15, 2009, of J. C. Kunkle & Associates, A.C., Certified Public Accountants.

The audit of the financial statements of the City as of and for the twelve-month period ended June 30, 2009 is not expected to be completed until January 2010. In an effort to provide relevant financial information of the City for that period, also included in Appendix C is the financial information of the City compiled by the City and incorporated into its two respective Annual Reports for Year Ended June 30, 2009 to the Public Service Commission of West Virginia for Sewer Utilities (Classes A and B) and Water Utilities (Classes A and B) (hereinbefore defined collectively, the "2009 Annual Report to PSC"). The 2009 Annual Report to PSC has not been audited by the Independent Accountants.

CONTINUING DISCLOSURE

The City has agreed in the Supplemental Resolution to execute and deliver contemporaneously with the issuance of the Series 2009 A Bonds an agreement to undertake for the benefit of the Registered Owners of the Series 2009 A Bonds to provide certain financial and operating information (the "Annual Information") not later than three hundred sixty-five (365) days following the end of the fiscal year of the City, commencing in 2009, and to provide the Annual Information to the Electronic Municipal Markets Access System ("EMMA") and to provide notice of the occurrence of the enumerated events to EMMA. See "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."

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 EMMA of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2009 A Bonds. Registered Owners may contact the Charles Town City Manager at P.O. Box 14, 101 East Washington Street, Charles Town, West Virginia 25414, (304) 725-2311, for more information.

Non-compliance with Prior Disclosure Agreements

On April 4, 2007, the City took the steps necessary to disclose a deficiency pursuant to the terms of the City's existing continuing disclosure obligations. Specifically, a Material Event Notice for Non-Payment Related Default was submitted, on the City's behalf, to the Central Post Office advising that the debt service coverage ratio for the System was deficient and in non-compliance with the Prior Ordinances. The City had covenanted to establish and collect rates and charges sufficient to produce revenues from the System equal to at least 115% of the maximum annual debt service on the Prior Bonds. For the fiscal year ended June 30, 2006, the revenues produced from the System were less than 115% of the maximum annual debt service on

the Prior Bonds. The City increased sewer user rates and charges effective September 21, 2006 and took steps to lower its expenses to fully comply with the coverage requirements of the Prior Bonds. As a result of such actions, the City's accountant confirmed that the City exceeded its coverage requirements for the fiscal year ending June 30, 2007. The City consistently exceeded the coverage requirements for the five fiscal years prior to the fiscal year ending June 30, 2006.

On April 4, 2007, the City took the steps necessary to disclose its failure to provide required annual financial information on or before the date required by its then existing continuing disclosure obligations. A Notice of Failure to Provide Required Annual Financial information was submitted, on the City's behalf, to the Central Post Office advising that the required annual financial information for all fiscal years ended June 30, 1998 through June 30, 2006 was sent to an incorrect address. The City cured this deficiency by April 10, 2007 by filing all audits for the fiscal years ended June 30, 1998 through June 30, 2006 with the Central Post Office.

On November 6, 2009, the City took the steps necessary to disclose a deficiency pursuant to the terms of the City's existing continuing disclosure obligations. Specifically, the City filed a Material Event Notice with EMMA of a non-payment related default. For the fiscal year ended June 30, 2008, the revenues produced from the System were less than 115% of the maximum annual debt service on the Prior Bonds. To address the deficiency, the City increased water user rates and charges effective May 30, 2008. The audit of the financial statements of the City as of and for the twelve-month period ended June 30, 2009 is not expected to be completed until January 2010; however, the financial information of the City compiled by the City and incorporated into its two respective Annual Reports for Year Ended June 30, 2009 to the Public Service Commission of West Virginia for Sewer Utilities (Classes A and B) and Water Utilities (Classes A and B) (collectively, the "2009 Annual Report to PSC") shows that the City exceeded its coverage requirements for the fiscal year ending June 30, 2009 (specifically, the Gross Revenue to Debt (including Reserve Accounts) ratios reported therein are 1.5947 and 4.31746 respectively).

On October 30, 2009, the City took the steps necessary to disclose its failure to provide required annual financial information for the fiscal years ended June 30, 2007 and June 30, 2008, on or before the date required by its then existing continuing disclosure obligations. The City cured this deficiency by filing the audit of the financial statements of the City as of and for the twelve-month period ended June 30, 2007 and June 30, 2008 with EMMA. The City has since put into place procedures to make certain that the required annual financial information is filed in a timely manner in the future.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2009 A Bonds. The City has authorized the execution and distribution of this Official Statement.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: /s/ Peggy A. Smith
Mayor

ORIGINAL

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2009 A Bonds. The City has authorized the execution and distribution of this Official Statement.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: /s/ Peggy A. Smith
Mayor

ORIGINAL

APPENDIX A

GENERAL INFORMATION REGARDING JEFFERSON COUNTY

Jefferson County, located in the extreme eastern part of the eastern panhandle of West Virginia, was named for Thomas Jefferson, third president of the United States, and formed in 1801 from Berkeley County. Charles Town is the county seat.

Jefferson County has a total land area of 212.41 square miles and varies in elevation from a low of 275 feet above sea level at Harpers Ferry to a high of 1000 feet. It 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 51,615 from the 2008 U.S. Census. Located just 58 miles from the Washington, DC Beltway, Jefferson County is the Eastern Gateway to West Virginia. The County is within 60 miles of Gettysburg, Pennsylvania, Hagerstown, Maryland and Winchester, Virginia.

For most of its history, Jefferson County's economy has been primarily agricultural, with the area producing grain and other crops for export in the 18th and 19th centuries and orchards playing an important role in the late 19th and 20th centuries. Due to the limestone deposits that underlie much of the County, limestone quarrying has also served as an important source of revenue.

Two of the most important events that shaped the future of Jefferson County were George Washington's establishment of the Federal Armory at Harpers Ferry in 1799 and the arrival of the Baltimore & Ohio Railroad in 1834. Partly because of the military and economic importance of the Armory, the B&O railroad was routed through Harpers Ferry, a factor that influenced the decision in 1863 to include Jefferson County in the new state of West Virginia rather than in the secessionist state of Virginia.

TOP TEN EMPLOYERS – 2009

1. Charles Town Races
2. Jefferson County Schools
3. Shepherd University
4. Royal Vendors, Inc.
5. Wal-Mart
6. Jefferson Memorial Hospital
7. National Park Service
8. Jefferson County Commission
9. American Public University
10. DALB Inc.

Source: Jefferson County Development Authority

POPULATION HISTORY

	Jefferson County	West Virginia
1970	21,280	1,744,237
1980	30,311	1,949,644
1990	35,936	1,793,477
1995	39,300	1,826,409
2000	42,190	1,808,344
2004	47,663	1,815,354
2005	49,206	1,818,470
2006	49,712	1,808,699
2007	50,832	1,812,035
2008[a]	51,615	1,814,468

Source: US Census Bureau
([a]US Census Bureau, "People Quickfacts" – summary profile showing frequently requested data items from various Census Bureau programs)

POPULATION GROWTH

	Jefferson County		**West Virginia**		**United States**	
Year	Population	Percent Change[b]	Population	Percent Change[b]	Population	Percent Change[b]
1960	18,665	- -	1,860,421	- -	179,323,000	- -
1970	21,280	+12.0%	1,744,237	-6.7%	203,302,031	+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%	1,808,344	+0.8%	281,421,906	+13.2%
2008	51,615	+22.3%	1,814,468	+0.3%	304,059,724	+8.0%

[b]The percentage increase or decrease over the proceeding period.
Source: United States Department of Commerce, Bureau of the Census

WAGE DATA – Employment and Wages Covered by Unemployment Compensation Programs

Total Wages, Annual, 2008	$439,793,087
Annual Wage, Annual Average, 2008	$30,768
Weekly Wage, Annual Average, 2008	$591.69

Source: Labor Market Information, Employment and Wages 2008, WORKFORCE West Virginia (WV Department of Employment Security)

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	22,500	590	2.6%
2002	23,240	22,360	880	3.8%
2003	23,400	22,560	840	3.6%
2004	23,650	23,010	640	2.7%
2005	24,860	24,280	580	2.3%
2006	24,960	24,170	790	3.2%
2007	25,330	24,560	770	3.0%
2008	24,700	23,780	920	3.7%

Source: "WV Labor Civilian Force Statistics by County," WORKFORCE West Virginia (WV Department of Employment Security), Research, Information and Analysis Division, Economic Summary (March 2009).

COMMUNICATIONS

Newspaper: Spirit of Jefferson/Farmer's Advocate & Shepherdstown Chronicle is published weekly. The Journal (Martinsburg, WV), The Morning Herald (Hagerstown, MD) and the Washington Post are published daily.

Radio Stations: WXVA, AM and FM

Cable Television: Comcast offers more than 60 stations, including Washington, DC and Baltimore, MD. Local TV coverage by Hagerstown Channel 25. School news Channel 19. DirecTV is also available.

BANKING

Jefferson County has six (6) banks with assets exceeding $425 million:

Bank of Charles Town	BB&T
City National Bank	Jefferson Security Bank
United National Bank	MVB Bank Inc.

EDUCATION

Public Schools

Elementary with Kindergarten	8
Elementary without Kindergarten	1
Junior High School	4
High School	2
Daycare Centers	12
Private Schools	2

Colleges/Universities

Shepherd University is a West Virginia state university with 4,391 students, offering numerous four-year degree programs. The West Virginia Graduate Center is located in Shepherdstown and offers a variety of programs.

Blue Ridge Community and Technical College is a state-supported institution within the West Virginia Community and Technical College system with approximately 2000 students. The College offers associate degrees, certificates and certification training in a wide range of fields.

American Public University is an accredited higher education community comprised of two online learning institutions: American Military University and American Public University.

Vocational

James Rumsey Technical Institute, Martinsburg, is a Regional Vocational Technical School with approximately 132 students. Offering less than 1 year certificates and less than 2 year certificates in technical and academic education. James Rumsey Technical Institute is affiliated with Shepherd University's Community College.

Libraries

There are 4 libraries within the County with over 1.5 million volumes.

TRANSPORTATION

Jefferson County is served by Interstates 81 and 70, U.S. Route 340 and State Routes 9, 51, 230 and 480. Interstate 81 is a major northeast – southwest highway located 10 miles west of the County in Berkeley County, West Virginia, 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 West Virginia Regional Airport in Martinsburg supplies air transportation to and from the area. Dulles International Airport is less than one hour driving time. Other national airports within driving distance are Baltimore-Washington International Airport, Ronald Regan National Airport, Hagerstown, Maryland and Winchester, VA Regional Airport.

A container cargo facility at Front Royal, Virginia and multiple motor freight carriers supply ground transportation to and from Jefferson County.

Bus Service is provided by Eastern Panhandle Transit Authority (Pan Tran). Located in Harpers Ferry, the MARC commuter train offers daily service to downtown Washington and Maryland.

UTILITIES AND SERVICES

Electrical service to the County is provided by Allegheny Energy Power Company. There is no natural gas service in the County. Local heating and oil companies are Roach Energy, Southern States, Smith Oil Company, Columbia Propane, Shawley's Gas Company, Thompson Gas Co., Amerigas Propane, and United Propane.

Telephone services are provided by Frontier Telecommunications, including fiber optic service as well as long distance. Personal communication systems are available through Sprint Spectrum, US Cellular, AT&T Wireless, and T-Mobile.

Water and sewer services are provided by the City of Charles Town, the City of Ranson, the Corporation of Shepherdstown, the Jefferson County Public Service District, Harpers Ferry-Bolivar Public Service District, the Corporation of Harpers Ferry, Jefferson Utilities, Inc. and various other local communities.

RECREATION

Federal Parks:

Harpers Ferry National Historic Park
C&O National Historic Park

County Parks:

Bolivar Nature Park
Jefferson County Memorial Park
Leetown Park
Morgan Grove Park
Moulton Park
Mt. Mission Park
South Jefferson Park
Summit Point Park
Sam Michaels Park

Golf Courses:

Cress Creek Golf & Country Club, Shepherdstown
Sleepy Hollow Golf Course, Charles Town
Locust Hill Golf & Country Club, Charles Town

Miscellaneous:

Appalachian Trail
Blue Ridge Mountains
Charles Town Races and Slots – Horse Track and Video Slot Machines
KOA Campgrounds, Bolivar

Summit Point Raceway – Motor Sports & Road Racing
Annual Tours, Festivals and Holiday Celebrations

The Arts:

The Old Opera House
Reynolds Hall Recital Series
Mountain Heritage Arts & Crafts Festival
Contemporary American Theater Festival
Peter Burr Living History Series
Shepherd University Athletic & Cultural Activities

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 of Washington, D.C.

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	21,124
Occupied Housing Units	18,704
Owner Occupied Units	14,347
Renter Occupied Units	4,357

Source: 2005-2007 American Community Survey 3-Year Estimate, US Census Bureau

Households

Total Households	18,704
Family Households	13,392
Non-Family Households	5,312
Persons 65 and Over, Living Alone	1,478
Average Household Size	2.59

Source: 2005-2007 American Community Survey 3-Year Estimate, US Census Bureau

COST OF LIVING

Cost of Living Index

Jefferson/Berkeley County, WV	90.2

Source: ACCRA Cost of Living Index, 1st Quarter 2008

Washington, DC	138.8

Source: ACCRA Cost of Living Index, 1st Quarter 2008

Jefferson County Statistics:

Per capita income (2007) Income	$35,701

Source: Bureau of Economic Analysis

Median Household Income (2008)	$57,838

Source: Claritas (an estimated figure)

INCORPORATED TOWNS

	Population (2007)
Charles Town	4,130
Shepherdstown	1,158
Harpers Ferry	312
Bolivar	1,074
Ranson	4,447

Source: US Census Bureau

CIVILIAN WORK FORCE

	April 2009
Jefferson County	24,060
Berkeley County	44,570
Morgan County	6,870

Source: WV BEP

INDUSTRIAL SITES IN JEFFERSON COUNTY

The Jefferson County Development Authority has completed the Burr Business Park, a 350-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.

Source: Jefferson County Development Authority

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.

Source: Jefferson County Development Authority

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. The water treatment plant is designed to operate at 2.8 million gallons per day (MGD).

Raw water is obtained from the Shenandoah River through a single intake screen and 20-inch intake line that feeds into a 3.0 MGD pump station. The intake 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, 2008 bill analysis, approximately 7,092 monthly billings were made by the water system, of which 5,317 were residential, 1,662 were commercial, and 113 were "other."

Water Usage — Annual Gallons Sold (PSC Annual Reports)

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
2003	184,522,000	91,505,000	5,297,000	4,815
2004	226,927,000	87,895,000	5,279,000	5,424
2005	205,402,000	143,544,000	4,719,000	5,685
2006	220,629,000	154,889,000	6,068,000	5,977
2007	224,883,000	160,495,000	5,062,000	6,298
2008	225,059,000	160,116,000	3,092,000	7,092

Sewer

The City owns, operates and maintains a wastewater treatment plant and a collection system (the collection system is owned by the City, the Town of Ranson (the "Town") and the Jefferson County Public Service District (the "District")) extending throughout the City and into the Town and the District, consisting of approximately 85 miles of sewer main. All operating and maintenance expenses, in addition to capital improvement expenditures, for the 1.75 MGD treatment plant are evenly split between the City, the Town and the District 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.

Sewer Service Area

The Charles Town Wastewater Treatment Plant serves the following areas of Jefferson County:

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 off U. S. Route 340 on the South to the Route 9 Bypass, encompassing 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
Peggy A. Smith, Mayor	05/09 – 05/13	Retired
Donald W. Clendening	05/09 – 05/13	Retired
MaryLois Gannon-Miller	05/07 – 05/11	Researcher
Ruth McDaniel	05/07 – 05/11	Retired
Ann Paonessa	05/07 – 05/11	No Occupation
Michael Slover	05/07 – 05/11	Economist
Sandra Slusher-McDonald	05/09 – 05/13	Administrative Assistant
Chester A. Hines	05/09 – 05/13	Retired
Richard J. Bringewatt	05/09 – 05/13	National Health Policy Group,President

Gary Rawlings has been the City Manager for the past 2 years. In addition to the City Manager, the City has 52 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 Charles W. Kline; Peter Kubic, Registered Professional Engineer; Kristen Ringstaff; Thomas W. Stocks; and Gary Rawlings, the City Manager. The Board employs a Jane F. Arnett as the Utility Manager; Ms. Arnett is a certified public accountant, joined the City staff in 1994, and served as the City Manager for 12 years. The Board also employs 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 the water and wastewater portions of the System. 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.

• Adopted Finance Policy Fl-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.

• Acquired the assets of the existing Tuscawilla Utilities water and sewer systems, engineered a water connecting line, constructed one Tuscawilla water tank and one Huntfield development water tank. Tuscawilla serves approximately 1,062 residential customers. The City received loan approval in February 2009 from the West Virginia Infrastructure and Job Development Council to fund a proposed expansion and upgrade to the Tuscawilla wastewater treatment plant.

• Acquired an approximately one mile water main to connect the System to the Huntfield development water system. This development of approximately 1,000 acres has the capacity to accommodate over 3,000 homes.

• Completed in 2003, the Downtown Revitalization Project and Phase I Water Improvement Project totaled $6.7 million. The $2 million Downtown Revitalization Project was funded primarily by State and Federal grant funding ($1.4 million) to install new sidewalks, street areas, lighting and furniture that enhanced a state transportation corridor in the historic downtown area by promoting walkability and supporting tourism and economic development. Concurrently, a water line replacement project was completed through the downtown ensuring adequate fire flows in the National Register of Historic Places district. Finally, new water storage and three additional miles of water mains were installed.

• Financed with revenue bonds issued in June 2005 in the principal amount of $2,355,000, a project that increased the System's treatment capacity by an additional 550,000 gallons per day. The project added two blowers to the Sequencing Batch Reactor ("SBR") system to provide supplemental oxygen in order to handle additional incoming loads. It also replaced the dissolved oxygen analyzers and controllers. It added a 600,000 gallon aerobic digester to enhance digestion and reduce the total amount of solids. The project resulted in improved discharge water quality.

• Financed with revenue bonds issued in January 2006 in the principal amount of $1,830,000, a project to purchase and add an existing sewerage collection system to the City's combined waterworks and sewerage system. The purchase was projected to add as many as eight hundred (800) sewer customers, over an eight (8) year period, to the City's system. The customers reside in the Huntfield residential subdivision being developed by Huntfleld, L.C. The development consists of approximately 1,000 acres located along US 340 and has the capacity to accommodate over 3,000 homes.

• Financed with revenue bonds issued in July 2006 in the principal amount of $2,000,000, a project to acquire, construct and equip certain improvements to its existing combined waterworks and sewerage system, consisting of the Northern High Zone water storage tank, booster station and related appurtenances. In addition, the City completed a twelve (12) inch interconnection to the Tuscawilla-Locust Hill development. At the time, one hundred fifty (150) new customers were connected to the City's sewer system. (The City already owned the water distribution system within the Huntfield Development and currently provides water service to those customers.)

• Financed with bond anticipation notes issued in April 2007 in the principal amount of $1,070,000 a project to upgrade and expand the existing Tuscawilla Wastewater Treatement Plant to a capacity 500,000 gpd, with the capability of meting both the discharge requirements and the proposed Total Nitrogen and Total Phosphorus limits that are contained in the facility's permit.

Customer Statistics

The average number of System customers for the past ten Fiscal Years are as follows:

Fiscal Year (ended June 30)	Number of Water Customers	Number of Sewer Customers (Charles Town Only)
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
2003	4,815	1,519
2004	5,424	1,519
2005	5,685	1,521
2006	5,977	1,794
2007	6,298	1,901
2008	7,092	1,974

In addition to its residential and commercial customers, the City treats the wastewater from the Town and the 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, 2008.

Customer	Annual Revenue
PNGI CT Gaming LLC	$ 176,177.90
Apple Tree Garden Apts.	$ 50,410.86
C.T. Associates Charles Tower	$ 20,408.10
Holiday Inn Express	$ 19,725.42
Uniwest Commercial	$ 19,257.35
Gantt Miller/Chew House	$ 18,958.68
Genesis Eldercare	$ 17,157.26
Willow Tree Manor	$ 16,932.84
Jefferson Memorial Hosp.	$ 16,766.59
Peter Chakmakian	$ 12,803.20

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, 2008.

Customer	Annual Revenue
Jefferson Co. Board of Ed.	$ 18,480.62
C.T. Associates Charles Towers	$ 16,303.75
Gantt Miller/Chew House	$ 14,901.12
Willow Tree Manor	$ 13,965.90
C.T. Towne House Motor Lodge	$ 7,991.34
TLC Laundromat	$ 5,105.48
Marisol Quiros	$ 3,574.96
C.T. Town House Motor Lodge	$ 3,122.59
Board of Education	$ 3,005.72
McDonalds Restaurant	$ 2,823.53

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 8, 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 enactment 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 bearing.

Current Water Rates

The City Council enacted a water rate increase effective for all service rendered on or after May 30, 2008. The current rates are as follows:

Water Rates (Based upon the metered amount of water supplied)

First	10,000 gallons used per month	$8.23 per 1,000 gallons
Next	30,000 gallons used per month	$7.00 per 1,000 gallons
All over	40,000 gallons used per month	$5.53 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" or 5/8" x ¾	Meter	$20.58 per month
¾"	Meter	$30.87 per month
1"	Meter	$51.45 per month
1-1/2"	Meter	$102.90 per month
2"	Meter	$164.64 per month
3"	Meter	$308.70 per month
4"	Meter	$514.50 per month
6"	Meter	$1,029.00 per month

Flat Rate

For Domestic, Commercial or Industrial Customer --$37.04 per month for 4,500 gallons.

Delayed Bill

The above schedule is net. On all accounts not paid in hill within twenty (20) days after the day of the bill, ten percent (10%) 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. Whenever water service has been discontinued for nonpayment of sewer bills, a disconnection fee of $10.00 shall be charged. 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.

Security Deposit

The security deposit for water service shall be $36.50.

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
Sprinkler Heads, each	$00.20 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 $2,576 for each residential connection. Connections for nonresidential 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
Single Family Unit	150	1.0
Apartments	150/unit	1.0/unit
Bed and Breakfast	150	1.0
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	2/patron	0.0 13/patron
Tavern-Little or No food	20/seat	0.132/person per shift
Hotel	120/room	0.8/person per shift
Industry	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	0.12/100 ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Theatre	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the water department shall set its Residential Usage Equivalent in consultation with its consulting engineer.

Current Sewer Rates

The City Council enacted a sewer rate increase effective for all service rendered on or after September 21, 2006. The current rates are as follows:

Schedule I

Applicability

Applicable within the entire territory sewed excluding the entire area known as the Huntfield subdivision.

Availability

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

Rate (Customers with metered water supply)

First	2000 gallons used per month	$7.96 per 1,000 gallons
Next	8,000 gallons used per month	$5.73 per 1,000 gallons
Next	20,000 gallons used per month	$5.20 per 1,000 gallons
All Over	30,000 gallons used per month	$4.61 per 1,000 gallons

Minimum Bill

No bill shall be rendered for less than $15.92 per month, which is the equivalent of 2,000

Flat Rate Charge (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $30.25 per month

Resale Rate

$3.71 per 1,000 gallons per month

Resale Credit (Applicable only to Jefferson County Public Service District)

A monthly credit of $3,451 per month will be credited against the respective bill rendered to Jefferson County Public Service District for debt incurred by the District as part of the 2000 Charles Town Treatment Plant upgrade. This credit will remain in effect until the indebtedness associated with the respective upgrade is satisfied (Matures 2031).

Transportation Credit (Applicable only to Jefferson County Public Service District)

A monthly credit of $1,009 per month will be credited against the respective bill rendered to Jefferson County Public Service District for reimbursement of fixed debt associated with lift stations needed to transport Charles Town's sewage from the former Sanitary Associates service area. The credit will be given until the indebtedness is satisfied. In addition to the monthly credit of $1,009, a transportation credit of $1.65 per thousand gallons shall be provided to the Jefferson County Public Service District for all flows from the former Sanitary Associates area.

Delayed Payment Penalty

The above schedule is net. On all current usage billings not paid in full within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. The delayed payment penalty is not interest and is only to be collected only once for each bill where it is appropriate.

Tap Fee

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $400.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

Returned Check Charge

If a check is returned by the bank for any reason, the bank's charge to the Utility shall be the Utility's charge to the customer for such a bad check, but such charge to customers shall not exceed $25.00.

Leak Adjustment

$0.81 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

Security Deposit

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater.

Schedule II

Applicability

Applicable within the entire territory known as the Huntfield subdivision.

Availability

Available for general domestic, commercial and industrial service.

Rate (Customers with metered water supply)

$11.50 per 1,000 gallons of metered water usage

Minimum Bill

No bill shall be rendered for less than $26.98 per month. The above minimum charge is subject to an additional $0.71 per 1,000 gallons per month.

Flat Rate Charge (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $51.75 per month

Multiple Occupancy

For unmetered trailer parks, the monthly charge for services shall be equal to the number of units multiplied by the unmetered charge provided above.

Delayed Payment Penalty

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the new current amount unpaid. This delayed payment penalty is not interest and is only to be collected only once for each bill where it is appropriate.

Tap Fee

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

Disconnect - Reconnect Fees

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Charles Town, a disconnect fee of $10.00 shall be charged. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Jefferson Utilities, Inc., a disconnect fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Charles Town is reconnected, a reconnection fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for nonpayment of a sewer bill in conjunction with a water service termination agreement with Jefferson Utilities, Inc. is reconnected, a reconnection fee of $20.00 shall be charged.

Leak Adjustment

$3.01 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

Returned Cheek Charge

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

Schedule III

Applicability

Applicable to Developers, which is defined as a person, corporation or entity who is in the business of land and/or commercial or housing development for profit, or a person, corporation, or entity who requests an alternate main line extension that includes the installation of mains by the person, corporation or entity. Applicable to non-Developers when the property at issue is a subdivided portion of a Previously Developed Tract. The term "Previously Developed Tract" as used in this Order is defined as property previously subdivided for commercial or housing development, for profit. Owners of existing or new (being constructed) single-family structures, where the person applying for service will be the customer of record, and the proposed service location is not part of a Previously Developed Tract, shall be exempt from payment of the Capital Capacity Improvement Fee.

Capacity Improvement Capital Cost Fee

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for the property to be served a capital capacity improvement fee of $1,127 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth below. The funds collected from the capital capacity improvement fee shall be maintained in a separate fund administered jointly by the City, the Jefferson County PSD and the City of Ranson or their designees and shall be used only for the purpose of improving the City's treatment facilities.

Additional Capacity Improvement Fee - Huntfield Pump Station

There shall be paid to the City at the time of issuance by the City of a final sewer availability letter for any development using the Huntfield pump station an additional capital capacity improvement fee - Huntfield pump station of $2,875.00 for each equivalent dwelling unit. The funds collected from the capital capacity improvement fee shall be maintained in a separate fund administered by the City and shall be used only for the purpose of expanding the Huntfield pump station. All properties within the originally annexed acreage of the Huntfield subdivision, as described by the annexation of additional territory of the City of Charles Town pursuant to West Virginia Code 8-6-4 order by the County Commission of Jefferson County dated January 10, 2002, shall be exempt from this fee.

The usage equivalent for other than single family residential units for the capital capacity improvement fee and additional capital capacity improvement fee - Huntfield pump station shall be based upon the following:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENTS CAPITAL COST FEE

UNIT	WATER GALLONS/DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches w/ 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
Hotel	120/room	0.8/room
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/person	0.5/person
Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
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	16/1100 ft. of sales area	0.12/100 ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the sewer department shall determine its Residential Usage equivalent in consultation with its consulting engineer.

System Budget and Expenditures

An operating budget is prepared and approved annually by the Utility Board.

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. J. C. Kunkle & Associates, A.C. audited the records of the City for the fiscal year ended June 30, 2008. (See Appendix C - "Financial Statements of the City of Charles Town".)

Retirement System Contributions

	Fiscal Years Ended June 30,				
	2004	2005	2006	2007	2008
City Contribution Amount	$163,553	$179,899	$219,150	$254,675	$273,971

Source: City of Charles Town Audits

APPENDIX C – FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN

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RFP #08-195

MUNICIPALITY OF CHARLES TOWN
CHARLES TOWN, WEST VIRGINIA

FINANCIAL STATEMENTS
(WITH SUPPLEMENTAL INFORMATION)

FOR THE YEAR ENDED JUNE 30, 2008

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Municipality of Charles Town, West Virginia
SCHEDULE OF FUNDS INCLUDED IN REPORT
June 30, 2008

GOVERNMENTAL FUND TYPES

Major Funds

General

Nonmajor Funds

Capital Reserve Fund

Coal Severance Fund

Community Development Fund

Law Enforcement Fund

Residual Fund

BUSINESS-TYPE FUNDS

Major Funds

Water Fund

Sewer Fund

FIDUCIARY FUND TYPES

Policemen's Pension and Relief

Municipality of Charles Town, West Virginia
CITY OFFICIALS
June 30, 2008

Elected Officials:

Mayor	Peggy A. Smith	06/01/05-06/01/09
City Council	Donald W. Clendening	06/01/05-06/01/09
	Ruth McDaniel	06/01/07-06/01/11
	Sandra Slusher McDonald	06/01/05-06/01/09
	Mary Lois Gannon-Miller	06/01/07-06/01/11
	Ann Paonessa	06/01/07-06/01/11
	Amy Schmitt	06/01/05-06/01/09
	Michael Slover	06/01/07-06/01/11
	Geraldine Willingham	06/01/05-06/01/09

Appointed Officials:

City Manager	Gary Rawlings	
City Clerk	Joseph Cosentini	06/01/07-06/01/09
City Attorney	James B. Crawford	
	Braun A. Hamstead	
	Hoy Shingleton, Jr.	
	Michael J. Funk	

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Honorable Mayor and Council
Municipality of Charles Town
Charles Town, West Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Charles Town, West Virginia (Municipality), as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Charles Town, West Virginia, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2009, on our consideration of the Municipality's internal control over financial reporting and tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an overall opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

164 Lina Lane ▪ Martinsburg, WV 25405
304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@jckunkleassociates.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

The management's discussion and analysis, employees' retirement system and budgetary comparison information on pages 7-13 and 49-51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Charles Town, West Virginia's basic financial statements. The introductory section, combining and nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

J.C. KUNKLE & ASSOCIATES, C.C.

Martinsburg, West Virginia
April 15, 2009

The discussion and analysis of the City of Charles Town's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the City's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

The City's net assets increased by $1.4 million as a result of this year's operations. Net assets of the business-type activities increased $1.0 million compared to the previous year, or 20 percent, net assets of the governmental activities increased by $0.4 million, or 6 percent.

During the year, the City had expenses for governmental programs that were $2.9 million more than the $1.0 million generated by governmental program revenues, which includes fees for services and intergovernmental aid. The remaining cost of governmental activities was financed with general revenues, which totaled $3.3 million this year.

In the City's business-type activities, revenues remained constant while expenses increased $0.4 million.

The general fund ended the year with a fund balance of $0.8 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14 through 16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The analysis of the City as a whole begins on page 8. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets-the difference between assets and liabilities-as one way to measure the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

USING THIS ANNUAL REPORT (CONTINUED)

Reporting the City as a Whole (continued)

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

Governmental activities-Most of the City's basic services are reported here, including the police, streets, and general administration. Property taxes, business and occupation taxes, and general revenues finance most of these activities.

Business-type activities-The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.

Reporting the City's Most Significant Funds

The analysis of the City's major funds begins on page 11. The fund financial statements begin on page 17 and provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental funds-Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in the reconciliation at the bottom of the fund financial statements.

Proprietary funds–When the City charges customers for the services it provides-whether to outside customers or to other units of the City-these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

The City is the trustee for the policeman's pension fund. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 25 and 26. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

The City's combined net assets increased $1.4 million from a year ago-increasing from $12.5 million to $13.9 million. Reviewing the net assets and net expenses of governmental and business-type activities separately provides more detail about these changes. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 4.0	$ 3.3	$ 7.1	$ 6.4	$11.1	$ 9.7
Capital assets	4.1	3.8	25.1	25.3	29.2	29.1
Total assets	$ 8.1	$ 7.1	$32.2	$31.7	$40.3	$38.8
Long-term debt outstanding	0.2	0.3	24.2	24.3	24.4	24.6
Other liabilities	0.9	0.2	1.1	1.5	2.0	1.7
Total liabilities	1.1	0.5	25.3	25.8	26.4	26.3
Net assets:						
Invested in capital assets, net of debt	3.8	3.5	(0.6)	2.7	3.2	6.2
Restricted for debt and construction	-	-	4.9	1.9	4.9	1.9
Unrestricted	3.2	3.1	2.6	1.3	5.8	4.4
Total net assets	7.0	6.6	6.9	5.9	13.9	12.5
Total liabilities and net assets	$ 8.1	$ 7.1	$32.2	$31.7	$40.3	$38.8

Net assets of the City's governmental activities increased by 6 percent ($0.4 million). Unrestricted net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements-increased from $3.1 million at June 30, 2007, to $3.2 million at the end of this year.

The net assets of business-type activities increased 20 percent (1.0 million) . The City generally can use these net assets to finance the continuing operations of the water and sewer.

THE CITY AS A WHOLE (CONTINUED)

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	$ 0.8	$ 0.8	$ 4.7	$ 4.7	$ 5.5	$ 5.5
Capital grants and contributions	0.1	0.1	0.5	0.5	0.6	0.6
General revenues:						
Property taxes	0.6	0.6	-	-	0.6	0.6
Business and occupation tax	0.7	0.8	-	-	0.7	0.8
Alcoholic beverage tax	0.1	-	-	-	0.1	-
Utility services tax	0.1	0.1	-	-	0.1	0.1
Video lottery	1.2	1.3	-	-	1.2	1.3
Other general revenues	0.6	0.7	0.4	0.4	1.0	1.1
Total revenues	4.2	4.4	5.6	5.6	9.8	10.0
Expenses						
Program expenses:						
General government	1.1	1.1	-	-	1.1	1.1
Public safety	1.7	1.6	-	-	1.7	1.6
Highways and streets	0.8	0.7	-	-	0.8	0.7
Culture and recreation/ social services	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	5.1	4.7	5.1	4.7
Total expenses	3.8	3.6	5.1	4.7	8.9	8.3
Increase in net assets	$ 0.4	$ 0.8	$ 0.5	$ 0.9	$ 0.9	$ 1.7

The City's total revenues decreased by 2 percent ($0.2 million). The total cost of all programs and services increased by 7 percent ($0.6 million) with no new programs added this year. The analysis separately considers the operations of governmental and business-type activities.

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities

Revenues for the City's governmental activities decreased by 5 percent ($0.2 million), while total expenses increased by 6 percent ($0.2 million). The factors driving these results include the following:

a) The City's governmental revenue sources decreased by $0.2 million.

The cost of all governmental activities this year was $3.8 million compared to $3.6 million last year. However, as shown in the Statement of Activities on page 16, the amount that taxpayers ultimately financed for these activities through City taxes was $2.9 million because some of the cost was paid by those who directly benefitted from the programs ($0.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($0.1 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, remained constant. The City paid for the remaining "public benefit" portion of governmental activities with $3.3 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and miscellaneous revenue.

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) remained constant and expenses increased by 9 percent ($0.4 million). The factors driving these results include:

a) Costs have been increasing due to the demands to meet environmental regulations and perform required maintenance of the water and sewer system.

THE CITY'S FUNDS

As the City completed the year, the governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of $3.1 million, which is constant.

General Fund Budgetary Highlights

Over the course of the year, the City Council made occasional revisions to the City budget. These budget amendments were made to reflect anticipated funding changes in the City's operations.

Even with the above mentioned amendments, the City's actual revenues exceeded budgeted revenues by $0.2 million and expenditures were more than budgeted by $0.1 million. Actual ending fund balance exceeded budgeted ending fund balance by $0.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the City had $28.8 million invested in a broad range of capital assets, including land, buildings, and water and sewer lines. (See Table 3 below). This amount represents a net increase (including additions and deductions) of $0.9 million, or 3 percent, above last year.

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 0.3	$ 0.3	$ -	$ -	$ 0.3	$ 0.3
Land improvements	2.5	2.5	-	-	2.5	2.5
Buildings and improvements	2.0	1.5	-	-	2.0	1.5
Equipment and vehicles	1.0	1.0	-	-	1.0	1.0
Utility plant	-	-	36.4	36.0	36.4	36.0
Totals	5.8	5.3	36.4	36.0	42.2	41.3
Accumulated depreciation	(1.8)	(1.5)	(11.6)	(10.7)	(13.4)	(12.2)
Capital assets net of depreciation	$ 4.0	$ 3.8	$24.8	$25.3	$28.8	$29.1

This year's major additions included (in millions):

Equipment and vehicles	$ -
Downtown improvements	-
Building improvements	0.5
Water and sewer infrastructure	0.4
Total	$ 0.9

As permitted by GASB No. 34, the City has elected to account for the capitalization of infrastructure assets on a prospective basis.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt

At year-end, the City had $25.6 million in bonds and notes outstanding versus $24.8 million last year-a decrease of 3 percent-as shown in Table 4.

Table 4
Outstanding Debt at Year-End (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue bonds and notes (backed by specific fee revenues)	$ -	$ -	$24.8	$25.6	$24.8	$25.6

The debt resulted mainly from issuing revenue bonds for the construction of water and sewer utility plant improvements. These bonds are secured by revenues derived from the combined water and sewer system.

Other obligations include accrued vacation pay and obligations under capital leases. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS

The City's elected and appointed officials considered many factors when setting the fiscal-year 2007 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The County's increasing population has a direct impact on the City's economic growth.

The City of Charles Town is optimistic about its potential for economic growth in the future. The increasing population, infrastructure improvements, annexation, and procurement of grants and other funding sources are all positive indicators for continued economic growth in the City of Charles Town.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money its receives. If you have questions about this report or need additional financial information, contact the City Manager at City Hall 101 E. Washington Street, Charles Town, West Virginia.

Municipality of Charles Town, West Virginia
STATEMENT OF NET ASSETS
June 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	BUILDING COMMISSION
ASSETS				
Current:				
Cash	$ 2,712,029	$ 349,992	$ 3,062,021	$ 51,749
Receivables, net of allowances:				
Taxes	601,980	-	601,980	-
Accounts (loans)	9,781	129,070	138,851	-
Other	6,000	287,046	293,046	-
Inventory, at cost	-	31,836	31,836	-
Prepaid expenses	3,065	1,003	4,068	-
Accrued utility revenue	-	280,487	280,487	-
Internal balances	641,732	(641,732)	-	-
Total current assets	3,974,587	437,702	4,412,289	51,749
Restricted:				
Reserved for bond retirement	-	2,910,143	2,910,143	62,097
Reserved for construction	-	1,285,792	1,285,792	-
Reserved for capacity improvements	-	853,073	853,073	-
Reserved for repair and replacement	-	78,105	78,105	-
Total restricted assets	-	5,127,113	5,127,113	62,097
Capital assets:				
Land	320,796	-	320,796	-
Land improvements	2,539,936	-	2,539,936	-
Buildings	963,184	-	963,184	209,654
Building improvements	1,010,031	-	1,010,031	710,543
Roads	-	-	-	979,118
Equipment	517,529	-	517,529	-
Vehicles	491,984	-	491,984	-
Utility plant in service	-	36,351,407	36,351,407	-
Less: accumulated depreciation	(1,782,560)	(11,602,761)	(13,385,321)	(578,713)
Net capital assets in service	4,060,900	24,748,646	28,809,546	1,320,602
Construction in progress	-	302,176	302,176	-
Total capital assets	4,060,900	25,050,822	29,111,722	1,320,602
Other:				
Unamortized bond issue costs	-	1,275,103	1,275,103	59,600
Due from current assets to capacity improvements	-	281,455	281,455	-
Total other	-	1,556,558	1,556,558	59,600
Total assets	$ 8,035,487	$ 32,172,195	$ 40,207,682	$ 1,494,048

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	BUILDING COMMISSION
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable	$ 108,627	$ 135,887	$ 244,514	$ -
Accrued expenses	139,947	65,976	205,923	-
Customer deposits	-	253,605	253,605	400
License fees and deposits	41,867	-	41,867	-
Due to other utilities	-	55,592	55,592	-
Due to primary/other governments	460,556		460,556	100,305
Capital lease payable (current portion)	70,430	93,147	163,577	-
Bonds and notes payable (current portion)	-	23,581	23,581	21,096
Total current liabilities (payable from current assets)	821,427	627,788	1,449,215	121,801
Current liabilities (payable from restricted assets):				
Bonds payable (current portion)	-	840,722	840,722	50,963
Accrued interest	-	166,560	166,560	-
Construction accounts payable	-	106,893	106,893	-
Total current liabilities (payable) from restricted assets)	-	1,114,175	1,114,175	50,963
Long-term liabilities (net of current portion):				
Revenue bonds payable	-	23,982,660	23,982,660	953,015
Capital lease payable	173,136	376,876	550,012	-
Notes payable	-	210,738	210,738	-
Accrued expenses	70,840	35,269	106,109	-
Due to capacity improvements	-	281,455	281,455	-
Deferred loss on bond refinancing	-	(1,299,391)	(1,299,391)	-
Total long-term liabilities	243,976	23,587,607	23,831,583	953,015
Total liabilities	1,065,403	25,329,570	26,394,973	1,125,779
Net Assets:				
Invested in capital assets, net of related debt	3,817,334	(583,795)	3,233,539	195,223
Restricted for debt and construction	-	4,853,660	4,853,660	62,097
Unrestricted	3,152,750	2,572,760	5,725,510	110,949
Total net assets	6,970,084	6,842,625	13,812,709	368,269
Total liabilities and net assets	$ 8,035,487	$ 32,172,195	$ 40,207,682	$ 1,494,048

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNIT: BUILDING COMMISSION
PRIMARY GOVERNMENT								
Governmental activities:								
General government	$ 1,094,842	$ 250,306	$ 6,000	$ -	$ (838,536)	$ -	$ (838,536)	$ -
Public safety	1,742,165	480,948	-	-	(1,261,217)	-	(1,261,217)	-
Highways and streets	775,374	106,211	19,596	89,944	(559,623)	-	(559,623)	-
Culture and recreation	239,543	-	-	-	(239,543)	-	(239,543)	-
Social services	10,000	-	-	-	(10,000)	-	(10,000)	-
Total governmental activities	3,861,924	837,465	25,596	89,944	(2,908,919)	-	(2,908,919)	-
Business-type activities:								
Water	3,156,613	2,609,535	-	518,772	-	(28,306)	(28,306)	-
Sewer	1,984,224	2,115,161	-	28,175	-	159,112	159,112	-
Total business-type activities	5,140,837	4,724,696	-	546,947	-	130,806	130,806	-
Total primary government	$ 9,002,761	$ 5,562,161	$ 25,596	$ 636,891	$ (2,908,919)	$ 130,806	$ (2,778,113)	$ -
COMPONENT UNIT								
Building Commission	$ 195,487	$ 173,735	$ -	$ 73,462	-	-	-	51,710
General revenues:								
Taxes:								
Property taxes, levied for general purposes					662,125	-	662,125	-
Business and occupation tax					722,454	-	722,454	-
Alcoholic beverage tax					94,193	-	94,193	-
Utility services tax					147,867	-	147,867	-
Hotel/motel tax					143,959	-	143,959	-
Other taxes					4,010	-	4,010	-
Miscellaneous					13,842	193,022	206,864	-
Interest income					50,911	158,634	209,545	2,114
Video lottery					1,244,374	-	1,244,374	-
Fees					176,543	-	176,543	-
Total general revenues					3,260,278	351,656	3,611,934	2,114
Change in net assets					351,359	482,462	833,821	53,824
Total net assets at beginning of year					6,618,725	6,360,163	12,978,888	314,445
Total net assets at end of year					$ 6,970,084	$ 6,842,625	$ 13,812,709	$ 368,269

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS			
Cash	$ 680,759	$ 2,031,270	$ 2,712,029
Receivables, net of allowances:			
Taxes	376,150	134,501	510,651
Accounts (loans)	9,781	-	9,781
Grants	6,000	-	6,000
Due from:			-
Other funds	937	640,795	641,732
Prepaids	3,065	-	3,065
Total assets	$ 1,076,692	$ 2,806,566	$ 3,883,258
LIABILITIES AND FUND BALANCES			
Liabilities (payable from current assets):			
Accounts payable	$ 108,627	$ -	$ 108,627
License fees and deposits	41,867	-	41,867
Other accrued expenses	139,947	-	139,947
Due to other funds	-	-	-
Due to other governments	-	460,556	460,556
Total liabilities (payable from current assets)	290,441	460,556	750,997
Fund balances:			
Reserved for long-term loans receivable	-	34,196	34,196
Reserved for capital improvements	-	968,067	968,067
Unreserved			-
Designated	-	475,000	475,000
Undesignated	786,251	868,747	1,654,998
Total fund balances	786,251	2,346,010	3,132,261
Total liabilities and fund balances	$ 1,076,692	$ 2,806,566	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,060,900
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	91,329
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(314,406)
Net assets of governmental activities.	$ 6,970,084

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES			
Taxes (including interest and penalties)	$ 1,749,786	$ -	$ 1,749,786
Licenses and permits	200,806	-	200,806
Intergovernmental:			-
Federal	-	89,944	89,944
State	6,000	19,596	25,596
Charges for services	38,415		38,415
Fines and forfeits	442,533	-	442,533
Street paving fees	106,211	-	106,211
Franchise fees	49,500	-	49,500
Interest	770	50,141	50,911
Video lottery	1,244,374	-	1,244,374
Fees	30,229	146,314	176,543
Miscellaneous	13,842	-	13,842
Total revenues	3,882,466	305,995	4,188,461
EXPENDITURES			
General government	1,429,108	-	1,429,108
Public safety	1,803,587	20,475	1,824,062
Highways and streets	499,088	137,143	636,231
Culture and recreation	233,237	6,306	239,543
Social services	10,000	-	10,000
Total expenditures	3,975,020	163,924	4,138,944
Excess (deficiency) of revenues over expenditures:	(92,554)	142,071	49,517
Other financing sources (uses):			
Transfers from other funds	16,806	179,103	195,909
Transfers to other funds	(179,103)	(16,806)	(195,909)
Total other financing sources (uses)	(162,297)	162,297	-
Net change in fund balance	(254,851)	304,368	49,517
Fund balance at beginning of year	1,041,102	2,041,642	3,082,744
Fund balance at end of year	$ 786,251	$ 2,346,010	$ 3,132,261

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Net change in fund balance - total governmental funds		$ 49,517
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	554,116	
Depreciation expense	(319,151)	
Amount capital outlays exceed depreciation expense in the current period.		234,965
Governmental funds report capital lease payments as expenditures. However, in the statement of activities these payments are not reported because they are a reduction in outstanding debt.		71,953
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Deferred revenues increased by this amount in the current period.		24,822
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. Accrued compensated absences increased by this amount in current period.		(29,898)
Change in net assets of governmental activities.		$ 351,359

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2008

	Water Fund	Sewer Fund	Totals
ASSETS			
Current:			
Cash	$ 216,271	$ 133,721	$ 349,992
Receivables, net of allowances	79,678	49,392	129,070
Other accounts receivable	106,893	7,899	114,792
Due from other funds	-	35,423	35,423
Due from associated companies	52,079	120,175	172,254
Inventory, at cost	31,266	570	31,836
Prepaid expenses	669	334	1,003
Accrued utility revenue	205,666	74,821	280,487
Total current assets	692,522	422,335	1,114,857
Restricted:			
Reserved for bond retirement	1,862,148	1,047,995	2,910,143
Reserved for construction	11,421	1,274,371	1,285,792
Reserved for capacity improvements	816,691	36,382	853,073
Reserved for repair and replacement	37,329	40,776	78,105
Total restricted assets	2,727,589	2,399,524	5,127,113
Capital Assets:			
Utility plant in service	22,530,616	13,820,791	36,351,407
Less: accumulated depreciation and amortization	7,291,925	4,310,836	11,602,761
Net utility plant in service	15,238,691	9,509,955	24,748,646
Construction in progress	24,398	277,778	302,176
Total capital assets	15,263,089	9,787,733	25,050,822
Other:			
Unamortized bond issue cost	673,623	601,480	1,275,103
Due from current assets to capacity improvements	281,455	-	281,455
Total other	955,078	601,480	1,556,558
Total assets	$19,638,278	$13,211,072	$ 32,849,350

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (CONTINUED)
June 30, 2008

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 72,410	$ 63,477	$ 135,887
Accrued expenses	43,676	22,300	65,976
Customer deposits	189,737	63,868	253,605
Due to other utilities	55,592	-	55,592
Due to other funds	36,360	-	36,360
Capital lease payable (current portion)	63,749	29,398	93,147
Notes payable (current portion)	10,213	13,368	23,581
Total current liabilities (payable from current assets)	471,737	192,411	664,148
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	509,853	330,869	840,722
Accrued revenue bond interest payable	117,072	49,488	166,560
Construction accounts payable	106,893	-	106,893
Total current liabilities (payable from restricted assets)	733,818	380,357	1,114,175
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)			
Revenue bonds payable	15,621,921	8,360,739	23,982,660
Capital lease payable	117,238	259,638	376,876
Notes payable	79,594	131,144	210,738
Accrued expenses	20,552	14,717	35,269
Due to capacity improvements	281,455	-	281,455
Due to other funds	509,000	131,795	640,795
Deferred loss on bond refinancing	(1,017,394)	(281,997)	(1,299,391)
Total long-term liabilities	15,612,366	8,616,036	24,228,402
Total liabilities	16,817,921	9,188,804	26,006,725
NET ASSETS			
Invested in capital assets, net of related debt	(1,246,372)	662,577	(583,795)
Restricted	2,503,624	2,350,036	4,853,660
Unrestricted	1,563,105	1,009,655	2,572,760
Total net assets	2,820,357	4,022,268	6,842,625
Total liabilities and net assets	$ 19,638,278	$ 13,211,072	$ 32,849,350

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

For the year ended June 30, 2008

	Water Fund	Sewer Fund	Totals
OPERATING REVENUES			
Sales and services to customers	$ 2,609,535	$ 2,115,161	$ 4,724,696
Total operating revenues	2,609,535	2,115,161	4,724,696
OPERATING EXPENSES			
Personal services	775,903	472,792	1,248,695
Contractual services	82,918	196,517	279,435
Administrative and general	104,937	103,825	208,762
Materials and supplies	171,398	189,423	360,821
Utilities	86,449	195,377	281,826
Maintenance	500,459	221,418	721,877
Depreciation and amortization	675,146	343,091	1,018,237
Total operating expenses	2,397,210	1,722,443	4,119,653
Operating income	212,325	392,718	605,043
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	80,746	77,888	158,634
Interest and fiscal charges	(724,674)	(319,423)	(1,044,097)
Amortization of bond issue cost	(30,602)	62,301	31,699
Miscellaneous revenues	183,147	9,875	193,022
Bad debts	(4,127)	(4,659)	(8,786)
Total nonoperating revenues (expenses)	(495,510)	(174,018)	(669,528)
Income (loss) before contributed capital	(283,185)	218,700	(64,485)
CONTRIBUTED CAPITAL	518,772	28,175	546,947
Change in net assets	235,587	246,875	482,462
Total net assets at beginning of year as restated	2,584,770	3,775,393	6,360,163
Total net assets at end of year	$ 2,820,357	$ 4,022,268	$ 6,842,625

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended June 30, 2008

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 2,614,643	$ 2,175,614	$ 4,790,257
Cash paid for operation and maintenance expenses	(1,682,884)	(1,313,111)	(2,995,995)
Cash paid for taxes other than income taxes	(51,932)	-	(51,932)
Net cash provided by operations	879,827	862,503	1,742,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(278,023)	(328,119)	(606,142)
Proceeds from long-term debt	107,863	495,591	603,454
Principal paid on revenue bonds and long-term debt	(468,662)	(1,235,415)	(1,704,077)
Interest paid on bonds, notes and leases payable	(730,303)	(303,454)	(1,033,757)
Bond acquisition costs paid	(136,098)	(15,321)	(151,419)
Contributed capital	159,162	492,647	651,809
Net cash provided by (used in) capital and related financing activitie	(1,346,061)	(894,071)	(2,240,132)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	782,667	77,887	860,554
Advances to/from other funds - net	(667)	(334)	(1,001)
Increase in customer deposits held	7,644	7,302	14,946
Net cash provided by (used in) investing activities	789,644	84,855	874,499
Net increase in cash and cash equivalents	323,410	53,287	376,697
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	758,302	1,431,963	2,190,265
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,081,712	$ 1,485,250	$ 2,566,962

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
For the year ended June 30, 2008

	Water Fund	Sewer Fund	Totals
Operating income	$ 212,325	$ 392,718	$ 605,043
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	675,146	343,091	1,018,237
Decrease (increase) in receivables	(3,822)	20,322	16,500
Decrease (increase) in accrued revenues	8,930	2,081	11,011
Decrease (increase) in inventory	(2,192)	-	(2,192)
Decrease (increase) in prepayments	(97,487)	-	(97,487)
Increase (decrease) in accounts payable	48,902	53,854	102,756
Increase (decrease) in accrued expenses	38,025	50,437	88,462
Increase (decrease) in due to other utilities	-	-	-
Net cash provided by operating activities	$ 879,827	$ 862,503	$ 1,742,330

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash investing, capital, and financing transactions:
None

RECONCILIATION OF CASH

Cash	$ 216,271	$ 133,721	$ 349,992
Reserved for construction	11,421	1,274,371	1,285,792
Reserved for capacity improvements	816,691	36,382	853,073
Reserved for repair and replacements	37,329	40,776	78,105
Total	$ 1,081,712	$ 1,485,250	$ 2,566,962

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008

	Policemen's Pension and Relief
ASSETS	
Cash	$ 398,567
State allocation receivable	-
Total assets	$ 398,567
LIABILITIES AND NET ASSETS	
Liabilities:	$ -
Net assets:	
Net assets held in trust for pension benefits	398,567
Total liabilities and net assets	$ 398,567

The accompanying notes are an integral part of this statement.

Municipality of Charles Town, West Virginia
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the year ended June 30, 2008

	Policemen's Pension and Relief
ADDITIONS	
Contributions:	
Employer	$ 94,730
Plan members	-
Insurance premium tax allocation	35,937
Total contributions	130,667
Investment income:	
Interest	19,012
Total investment income	19,012
Other income:	
Donations	3,460
Total other income	3,460
Total additions	153,139
DEDUCTIONS	
Benefits	145,000
Administrative expense	3,074
Total deductions	148,074
Change in net assets	5,065
Net assets held in trust for pension benefits:	
Beginning of year	393,502
End of year	$ 398,567

The accompanying notes an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Municipality of Charles Town, West Virginia ("Municipality") is a municipal corporation in which citizens elect the mayor at large and eight council members. The Municipality engages in a comprehensive range of services, including general government administration, public safety and administration of justice, water and sewer services, transportation, planning, community development and recreation, cultural and historic activities.

The accounting policies and the presentation of the financial report of the Municipality has been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

The Municipality follows the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* for financial reporting. Certain significant components of the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- Fund financial statements that focus on major funds.

These financial statements present all fund types of the Municipality and its discretely presented component unit.

Individual Component Unit Disclosure

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The City had no blended component units as of and for the year ended June 30, 2008.

The City of Charles Town Building Commission is governed by a board appointed by the Municipality's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Charles Town Building Commission. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the Building Commission. Separate financial information can be obtained from the City of Charles Town Building Commission.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations

The City's officials are also responsible for appointing the members of the board of various organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments. The City is not financially accountable for the organizations to which these appointments are made.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Municipality as a whole) and fund financial statements. Under this reporting model, the focus is on both the Municipality as a whole and the fund financial statements, including the major funds of the governmental and business-type categories, as well as the fiduciary funds, (by fund type) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business- type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected in a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, highways and streets, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, business and occupation taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. The program revenues must be directly associated with the function (general government, public safety, highways and streets, culture and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers for applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The Municipality does not allocate indirect expenses. The operating grants include operating - specific and discretionary (either operating or capital) grants while the capital grants column reflects capital - specific grants and contributions.

In the fund financial statements, financial transactions and accounts of the Municipality are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

The Municipality's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government - wide statements.

The following is a brief description of the specific funds used by the Municipality:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Municipality considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General Fund

The general fund is the primary operating fund of the Municipality. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

Special Revenue Funds

Special revenue funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The special revenue funds, except for the capital reserve fund, are considered non-major funds for reporting purposes. The capital reserve fund is used to administer the capital grant and bond and loan monies received for capital improvements.

Proprietary Funds

Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost of providing goods and services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The Municipality's proprietary funds account for the operations of water and sewer activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Municipality in a trustee capacity or as an agent for individuals, private organizations and other governments. The fiduciary fund of the Municipality is a pension trust fund. For accounting measurement purposes, the pension trust fund account for the assets of the Municipality's police pension plan. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. Fiduciary funds are not included in the government-wide financial statements.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities, all proprietary funds, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of decreases (e.g., expenses) in net total assets.

The statements of net assets, statements of activities, and financial statements of the proprietary funds and fiduciary funds (except for agency funds) are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Budgets and Budgetary Accounting

All municipalities within West Virginia are required by statute to prepare annual budgets (levy estimates) on prescribed forms and submit these for approval to the State Tax Commissioner. Theses budgets are prepared in accordance with the following procedures:

1. The governing body of the Municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1.

2. The budget is then forthwith submitted to the State Tax Commissioner for approval.

3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

The annual budget for the General Fund is prepared on a basis generally consistent with U.S. generally accepted accounting principles.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

Revisions are authorized only with the prior written approval of the State Tax Commissioner. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the Municipality's Council and approved by the State Tax Commissioner.

Encumbrances

Encumbrance accounting, under which purchase orders are issued but are not considered expenditures until liabilities for payments are incurred, is not employed as an extension of the formal budgetary process.

Customer Receivables

The Municipality uses the reserve method of providing for possible losses in the collection of its customers' accounts receivable. Management believes all accounts are materially collectible and no allowance is necessary for the year ended June 30, 2008.

Inventories

The Municipality considers inventories of materials and supplies utilized in governmental fund type operations as expended at the time of purchase. Therefore, they do not appear in the Municipality's financial statements. Inventories of materials and supplies utilized in proprietary fund type operations, however, are considered expended at the time of consumption. Therefore, balances on hand at year-end, valued at cost (first-in, first-out) are presented in the Municipality's financial statements.

Capital Assets

Capital outlays are recorded as expenditures of the general and special revenue funds and as assets in the government-wide financial statements to the extent the Municipality's capitalization threshold of $5,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25-50 years
Improvements	10-20 years
Equipment	3-10 years

To the extent that the Municipality's capitalization threshold of $5,000 is met, capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the funds basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25-50 years
Improvements	10-20 years
Utility Plant	10-20 years
Equipment	3-10 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Issue Cost

Bond issue costs are amortized over the life of the related bonds using the straight-line method.

Deferred Loss

Deferred loss resulting from an advance refunding of debt related to the proprietary funds is being amortized by the straight-line method over the remaining term of the old debt.

Capitalized Interest

The Municipality capitalizes net interest costs and interest earned as part of constructing various water and sewer projects when material. There was no capitalized interest for the year ended June 30, 2008.

Compensated Absences

The Municipality's policy is to permit employees to accumulate earned but unused vacation benefits. The Municipality fully recognizes the liability related to compensated absences in the governmental and proprietary funds in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 43 without modification.

Interfund Charges

The Municipality allocates to several funds a percentage of the salaries and wages and related cost of personnel who perform services for such funds but are paid out of the general fund. These services are billed on a periodic basis to the appropriate funds at the time the services are performed.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the proprietary and fiduciary fund types and the discretely presented component unit consider all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased are considered to be cash equivalents.

NOTE 2: PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments: the first installment is payable on September first of the year for which the assessment is made and becomes delinquent on October first: the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are due, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

All municipalities within the state are authorized to levy taxes not in excess of the maximum levies per $100 of assessed valuation. In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per $100 of assessed valuation for each class of property for the year ended June 30, 2008, were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense
Class I	$ 3,700	7.56¢
Class II	$ 170,796,590	15.12¢
Class IV	$ 142,019,787	30.24¢

NOTE 3: CASH

Cash and temporary investments represent amounts being held at banks and the West Virginia Municipal Bond Commission and consist of the following accounts and amounts at June 30, 2008:

	Primary Government Market Value	Component Unit Market Value
Unrestricted accounts		
Petty cash	$ 825	$ -
Bank accounts	1,801,226	51,749
Certificates of deposits	1,109,370	-
Security deposits	150,600	-
Bank accounts - fiduciary funds	81,036	-
Certificates of deposits - fiduciary funds	317,531	-
Total unrestricted	3,460,588	51,749
Restricted accounts		
Repairs and replacement	78,105	-
Reserve for bond retirement	2,910,143	62,097
Reserve for capacity improvements	853,073	-
Reserve for construction	1,285,792	-
Total restricted	5,127,113	62,097
Total	$ 8,587,701	$ 113,846

The renewal and replacement funds are under the control and custody of the trustee in accordance with provisions of the revenue bond indentures and represent funds on deposit for the purpose of making repairs and replacements. The reserve for capacity improvement fund represents amounts to be used to pay for the cost of increased capacity.

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.

NOTE 4: COLLATERALIZATION OF DEPOSITS

The Municipality maintains its cash accounts at various banks. 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 deposits held at 3 financial institutions exceed the $100,000 FDIC limit. The Municipality's deposits are categorized to give an indication of the level of risk assumed by the Municipality at fiscal year end.

NOTE 4: COLLATERALIZATION OF DEPOSITS (continued)

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	$ 5,464,874	$ 300,000	$ 5,134,088	$ 30,786	$ 5,791,404

NOTE 5: INTERGOVERNMENTAL BALANCES AND TRANSACTIONS AND INTERFUND TRANSFERS

The composition of interfund balances as of June 30, 2008 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Water	$ 937
Sewer	Water	35,422
Non-Major Gov't Funds	Water	509,000
Non-Major Gov't Funds	Sewer	131,795
		$ 677,154

These balances represent timing differences due to routine advances between the Municipality's Funds for both Governmental Funds and Business-Type Funds. Interfund receivables and payables are expected to be paid by year end except for the Water and Sewer to Non-Major Governmental Fund, which represents financing of water and sewer assets.

Interfund transfers and transactions for the year ended June 30, 2008 consisted of the following:

Transfer to (Fund)	Transfer from (Fund)	Amount
Capital Reserve	General	$ 169,103
Non-Major Gov't Funds	General	10,000
General	Non-Major Gov't Funds	16,806
		$ 195,909

NOTE 6: CHANGES IN FIXED ASSETS

The following is a summary of the changes in governmental and business-type funds property, plant, and equipment:

	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 320,796	$ -	$ -	$ 320,796
Other capital assets				
Buildings and improvements	1,481,274	491,941	-	1,973,215
Land improvements	2,539,936	-	-	2,539,936
Equipment	508,856	8,673	-	517,529
Vehicles	438,480	53,504	-	491,984
Total	4,968,546	554,118	-	5,522,664
Less accumulated depreciation	(1,463,409)	(319,151)	-	(1,782,560)
Total other capital assets	3,505,137	234,967	-	3,740,104
Governmental activities capital assets, net	$ 3,825,933	$ 234,967	$ -	$ 4,060,900

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 52,242
Public safety	87,639
Highways and streets	179,270
Total government activities depreciation expense	$ 319,151

NOTE 6: CHANGES IN FIXED ASSETS (Continued)

	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	$ 2,540,632	$ -	$(2,238,456)	$ 302,176
Capital assets being depreciated:				
Utility plant in service	33,455,674	2,895,733	-	36,351,407
Less accumulated depreciation	(10,735,255)	138,055	(1,005,561)	(11,602,761)
	22,720,419	3,033,788	(1,005,561)	24,748,646
Business-type activities capital assets, net	$ 25,261,051	$ 3,033,788	$(3,244,017)	$ 25,050,822

Depreciation was charged to functions as follows:

Business-type activities:	
Water	$ 662,470
Sewer	343,091
Total business-type activities depreciation expense	$ 1,005,561

NOTE 7: LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2008:

Revenue Bonds Payable – Water Fund

Issue	Maturity Date	Interest Rates	Amount Issued	Amount Retired	Amount Outstanding
1987B	2026	%	$ 413,629	$ 206,815	$ 206,814
1988B	2028	%	558,000	257,544	300,456
1989B	2029	%	117,480	51,209	66,271
1998	2028	variable	8,387,550	2,280,150	6,107,400
2002A	2039	5.8%	1,100,000	50,787	1,049,213
2002B	2042	%	3,600,000	427,733	3,172,267
2002C	2032	variable	2,700,000	280,647	2,419,353
2003A	2032	variable	1,000,000	75,000	925,000
2006B	2026	variable	2,000,000	115,000	1,885,000
Total revenue bonds payable at June 30, 2008					16,131,774
Less: Current portion due in upcoming year					(509,853)
Long-term revenue bonds payable at June 30, 2008 (net of current portion)					$ 15,621,921

Maturities of water revenue bonds payable for each of the five years succeeding June 30, 2008, are as follows:

Year	Principal	Interest	Total
2009	$ 509,853	$ 628,230	$ 1,138,083
2010	506,699	618,059	1,124,758
2011	539,734	594,782	1,134,516
2012	551,863	573,934	1,125,797
2013	573,887	552,306	1,126,193
2014-2018	2,985,610	2,405,390	5,391,000
2019-2023	3,419,825	1,776,886	5,196,711
2024-2028	3,733,618	948,994	4,682,612
2029-2033	1,983,532	319,321	2,302,853
2034-2038	826,166	80,606	906,772
2039-2042	500,987	7,877	508,864
	$ 16,131,774	$ 8,506,385	$ 24,638,159

NOTE 7: LONG-TERM DEBT (continued)

Revenue Bonds Payable – Sewer Fund

Issue	Maturity Date	Interest Rates	Amount Issued	Amount Retired	Amount Outstanding
1988B	2028	% -	$ 295,916	$ 136,584	$ 159,332
1998	2028	variable	1,967,450	534,850	1,432,600
1998 Design	2019	2%	437,601	170,214	267,387
2000A	2021	2%	3,163,781	893,374	2,270,407
2002C	2032	variable	1,435,000	114,353	1,320,647
2005A	2035	7%	2,355,000	1,923,765	431,235
2006A	2026	variable	1,820,000	80,000	1,740,000
2007A	2011	4.2%	1,070,000	-	1,070,000
Total revenue bonds payable at June 30, 2008					8,691,608
Less: Current portion due in upcoming year					(330,869)
Long-term revenue bonds payable at June 30, 2008 (net of current portion)					$ 8,360,739

Maturities of sewer revenue bonds payable for each of the five years succeeding June 30, 2008, are as follows:

Year	Principal	Interest	Total
2009	$ 330,869	$ 385,446	$ 716,315
2010	357,517	349,293	706,810
2011	1,429,316	352,114	1,781,430
2012	371,519	296,128	667,647
2013	383,943	284,713	668,656
2014-2018	2,100,880	1,231,973	3,332,853
2019-2023	1,781,291	759,445	2,540,736
2024-2028	1,423,840	368,409	1,792,249
2029-2033	449,821	61,037	510,858
2034	62,612	-	62,612
	$ 8,691,608	$ 4,088,558	$ 12,780,166

The bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system.

The Series 1987B, 1988B, 1989B, 1998, 2002A, 2002B, 2002C, and 2003A bonds for the Water fund and the Series 1988B, 1998, and 1998 Design and 2000A, 2002C, 2005A, 2006B, and 2007A bonds for the Sewer Fund are all on parity.

The covenants contained in the bond issues include a required debt service coverage ratio of 115%. As of June 30, 2008, the Municipality's Water and Sewer Funds' debt service coverage ratio was deficient and in non-compliance with bond resolutions.

NOTE 7: LONG-TERM DEBT (continued)

Revenue Bonds Payable – Sewer Fund (continued)

Each of the bond issues also requires monthly deposits to the renewal and replacement fund equal to 2 ½% of monthly gross revenues less reserve funding requirements. The Municipality's deposits, including necessary expenditures for renewals and replacements, exceeded this requirement for the year ended June 30, 2008.

Notes Payable Bank - Water Fund

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.	$ 89,807

Scheduled maturities of the note for each of the five years succeeding June 30, 2008 are estimated as follows:

Year	Principal	Interest	Total
2009	$ 10,213	$ 8,121	$ 18,334
2010	12,159	6,175	18,334
2011	12,783	5,551	18,334
2012	13,983	4,351	18,334
2013	15,295	3,039	18,334
2014-2015	25,374	1,818	27,192
	$ 89,807	$ 29,055	$ 118,862

Notes Payable Bank - Sewer Fund

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.	$ 51,686
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.	92,826
Total	$ 144,512

NOTE 7: LONG-TERM DEBT (continued)

Notes Payable Bank - Sewer Fund (continued)

Scheduled maturities of the notes for each of the five years succeeding June 30, 2008 are as follows:

Year	Principal	Interest	Total
2009	$ 13,368	$ 8,791	$ 22,159
2010	9,642	12,517	22,159
2011	12,999	9,160	22,159
2012	14,112	8,047	22,159
2013	15,322	6,837	22,159
2014-2018	67,678	14,150	81,828
2019-2023	11,391	605	11,996
	$ 144,512	$ 60,107	$ 204,619

Lease Revenue Bond Payable Charles Town Building Commission (Component Unit)

Series 1999 Lease Revenue Bond in the original amount of $1,070,000 with an outstanding balance of $722,331 at June 30, 2008. The bond bears interest at 5 to 6.5% and matures June 2019.

Schedule maturities of the bond for each of the five years succeeding June 30, 2008 are as follows:

Year	Principal	Interest	Total
2009	$ 50,963	$ 39,037	$ 90,000
2010	50,463	39,537	90,000
2011	53,537	36,463	90,000
2012	56,797	33,203	90,000
2013	60,256	29,744	90,000
2014-2018	354,986	208,014	563,000
2019	95,329	4,672	100,001
	$ 722,331	$ 390,670	$ 1,113,001

Bond debt service is payable solely from lease rental payments pursuant to an agreement and lease between the Building Commission and The City. Lease rentals are subject to annual appropriation by the City. The bonds are secured by a lease assignment made to the bondholder by the Building Commission.

Series 2004A Lease Revenue Bond in the original amount of $375,000 with an outstanding balance of $302,742 at June 30, 2008. The bond bears interest at 4.72% and matures August 2019.

The Series 2004A Lease Revenue Bond is secured by assignment of leases.

NOTE 7: LONG-TERM DEBT (continued)

Lease Revenue Bond Payable Charles Town Building Commission (Component Unit) (continued)

Schedule maturities of the bond for each of the five years succeeding June 30, 2008 are as follows:

Year	Principal	Interest	Total
2009	$ 21,096	$ 13,837	$ 34,933
2010	22,113	12,820	34,933
2011	23,180	11,753	34,933
2012	24,298	10,635	34,933
2013	25,470	9,463	34,933
2014-2018	147,008	27,656	174,664
2019-2020	39,577	1,178	40,755
	$ 302,742	$ 87,342	$ 390,084

NOTE 8: LEASE AGREEMENTS

Operating Leases

Initial lease - Municipality of Charles Town (Lessor) and Charles Town Building Commission (Lessee)

The Municipality and the Building Commission entered into a 20 year lease agreement dated July 27, 1999, whereby the Municipality leased certain of its roads and streets including improvements thereon to the Building Commission. No rentals are payable under the agreement and the Municipality retains responsibility for all taxes and insurance regarding the leased property.

Agreement and Lease - Charles Town Building Commission (Lessor) and Municipality of Charles Town (Lessee)

The Municipality and the Building Commission entered into an Agreement and Lease dated July 27, 1999, whereby the Municipality leases from the Building Commission certain improved roads and streets in consideration for the issuance by the Building Commission of Lease Revenue Bonds, Series 1999.

The lease term is for a 20 year period ending July 30, 2019. The Municipality has pledged to pay lease rentals to the Building Commission consisting of amounts received by the Municipality as municipal service fees for street improvements as established by City ordinance. The Municipality is required to pay sufficient lease rentals to accumulated sums necessary to promptly pay principal and interest due on the Building Commission's Lease Revenue Bonds, Series 1999. The Municipality is responsible for all operation and maintenance costs associated with the leased property.

NOTE 8: LEASE AGREEMENTS (continued)

General Fund Leases

The Municipality is the lessor of various equipment under capital leases expiring at various times and accounted for in the Municipality's general fund. The assets and liabilities 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 leases is included in depreciation expense in the government-wide financial statements.

Leased Equipment	Expiration	Remaining Minimum (net of interest) Lease Payment
Various general government (primarily public safety and streets) vehicles and equipment	2007-2008	
Total capital leases payable at June 30, 2008		$ 243,565
Less: Current portion due in upcoming year		(70,430)
Long-term capital leases payable at June 30, 2008 (net of current portion)		$ 173,135

General Fund Leases

Minimum lease payments under capital leases at June 30, 2008:

Year	Amount
2009	$ 70,430
2010	74,289
2011	78,361
2012	20,485
Total	$ 243,565

NOTE 8: LEASE AGREEMENTS (continued)

Capital Leases - Water and Sewer Funds

The Municipality is the lessor of various equipment under capital leases expiring at various times and accounted for in the Municipality's Water and Sewer Funds. The assets and liabilities under the capital lease are recorded at their 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, 2008.

Leased Equipment	Expiration	Remaining Minimum (net of interest) Lease Payment
Various utility equipment and vehicles	2007-2010	
Total capital leases payable at June 30, 2008		$ 470,023
Less: Current portion due in upcoming year		(93,147)
Long-term capital leases payable at June 30, 2008 (net of current portion)		$ 376,876

Minimum future lease payments under the capital leases as of June 30, 2008 are:

Year	Amount
2009	$ 93,147
2010	95,098
2011	83,876
2012	85,419
2013	8,000
2014-2016	104,483
Total	$ 470,023

NOTE 9: EMPLOYEES' RETIREMENT SYSTEM

The Municipality has established and maintains the following employees' retirement and benefit funds, as authorized by West Virginia Code 8-22-1, et seq., for all eligible employees.

Employees' Retirement and Benefit Fund

All full-time employees of the Municipality, except those employees of the police department covered by the Municipality's Policemen's Pension and Relief Fund, 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 covered payroll amounted to approximately $2,343,132 for the year ended June 30, 2008.

Employees of the Municipality are required to pay 4.5% of their gross earnings to the pension plan. The Municipality makes annual contributions to the plan equal to 10.5% of its covered payroll. Total contributions made during the fiscal year ended June 30, 2008 amounted to $246,029.

Information regarding the plan is available from the state of West Virginia.

Policemen's Pension and Relief Fund

The Policemen's Pension and Relief Fund of the Municipality covers zero active and eight separated employees of the police department. Eligibility for participation is available only to department employees hired prior to 1981. The Municipality's contribution for the year ended June 30, 2008 was $94,730 and $35,937 was provided by the insurance premium tax allocation and employee contributions were $0 for a total contribution of $130,667.

For plan year end June 30, 2008, the membership in the plan was comprised of the following:

Number of participants	
Active	0
Normal retirees	4
Beneficiaries	3
Disability retirees	1
Total	8

NOTE 9: EMPLOYEES' RETIREMENT SYSTEM (continued)

Policemen's Pension and Relief Fund (continued)

According to the latest actuarial study of the Municipality's Policemen's Pension and Relief Fund, conducted by Hallet Associates, Inc., the unfunded actuarial liability as of July 1, 2006 was:

Active employees	$ -
Retirees	1,907,129
Total actuarial liability	1,907,129
Assets at market value	413,767
Unfunded actuarial liability	$ 1,493,362

To amortize this unfunded actuarial liability by June 30, 2031, plus provide for normal costs each year, Hallet Associates, Inc. recommended that the Municipality contribute $85,679 annually to the Policemen's Pension and Relief Fund as the employer's share of the contribution. This amount is net of the estimated premium tax allocation of $20,613.

The recommended minimum annual funding is as follows:

Normal cost and amortization payment	$ 106,292
Less state allocation	(29,898)
Amount to meet minimum funding requirement	$ 76,394

There was no covered payroll for the year ended June 30, 2008. Employee contributions are 7% of payroll and are accounted for in determining normal cost.

In presenting these recommended funding levels, Hallet Associates, Inc. assumed that the premium tax allocation will continue to be paid to the Municipality and that it will remain at about the same level.

The Board of Trustees is required to have an actuarial study of the fund performed at least once every 3 years. The study must be performed by a qualified actuary. The last actuarial valuation was performed as of July 1, 2006. The study includes the salient features of the plan, a 15 year solvency schedule, and the actuarial cost method, factors and assumptions used in determining cost estimates. For information regarding the above, please refer to the above study.

NOTE 10: RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Municipality participates in one risk management program administered by the State of West Virginia.

Worker's' Compensation

The Authority is covered by worker's compensation insurance through Brickstreet, a private insurance carrier.

Property and Liability Insurance

Significant losses are covered by commercial insurance for all major programs except for workers' compensation coverage for which the Workers' Compensation Fund retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement charges have not exceeded insurance coverage for the current year or prior years in which commercial coverage has been in force.

NOTE 11: CONTINGENCIES

Litigation

The Municipality is routinely a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Municipality, when considered in relation to insurance coverage in force.

West Virginia Department of Environmental Protection - Civil Enforcement Action

The West Virginia Department of Environmental Protection brought a civil enforcement action in Jefferson County Circuit Court in March of 2004 with regards to historic violations of Charles Town's NPDES permit related to operation of the City's sewerage treatment plant.

The City entered into a consent decree on April 26, 2005 which requires the payment of a $79,000 cash penalty in 3 installments over a 540 day period. In addition, the City is required to perform a supplemental environmental project valued at $172,000 or be subject to a like amount of cash penalty. The City intends to perform the supplemental environmental project. As such, the $172,000 will be reflected in the financial statements as construction costs are incurred on the project.

Federal Grants

In the normal course of operations, the Municipality receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

REQUIRED SUPPLEMENTAL INFORMATION

Municipality of Charles Town, West Virginia
EMPLOYEES' RETIREMENT SYSTEM
For the fiscal year ended June 30, 2008

POLICEMEN'S PENSION AND RELIEF FUND

Pension Plan Funding Progress/Schedules of Funding Progress

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ration (a)/(b)	Covered Payroll	UAAL as Percentage of Covered Payroll
07/01/00	$ 305,428	$ 1,553,844	$ 1,248,416	19.66%	$ 39,216	3183%
07/01/03	$ 369,599	$ 1,659,681	$ 1,290,082	22.27%	$ 48,623	2653%
07/01/06	$ 413,767	$ 1,907,129	$ 1,493,362	21.70%	$ -	-

Schedule of Employer Contributions

Fiscal Year	Annual Statutory Cost	Percentage Contributed
2003	$ 86,367	100%
2004	$ 85,679	100%
2005	$ 87,000	100%
2006	$ 88,553	100%
2007	$ 94,533	100%
2008	$ 94,730	100%

Notes to Required Supplemental Information

Valuation date	07/01/06
Actuarial cost method	Entry age normal
Amortization method	Level with a 28 year closed period ending June 30, 2031
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%, net of expenses
Projected salary increases	4% per year
Post retirement benefit increases	COLA after 2 years
Inflation	3.00%
Cost of living adjustments	CPI with 4.0% cap

See independent auditor's report.

Municipality of Charles Town, West Virginia
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Taxes (including interest and penalties):				
General property tax	$ 637,589	$ 638,789	$ 637,302	$ (1,487)
Business and occupation tax	488,000	678,000	722,454	44,454
Alcoholic beverages tax	60,000	80,974	94,193	13,219
Utility services tax	190,000	145,000	147,867	2,867
Hotel/motel tax	74,000	119,000	143,959	24,959
Other taxes	3,839	3,839	4,011	172
Total taxes	1,453,428	1,665,602	1,749,786	84,184
Licenses and permits	188,000	216,000	200,806	(15,194)
Intergovernmental:				
Federal	-	-	-	-
State	-	-	6,000	6,000
Charges for services	50,000	40,250	38,415	(1,835)
Fines and forfeits	342,000	374,000	442,533	68,533
Street paving fees	100,000	100,000	106,211	6,211
Franchise fees	45,000	45,000	49,500	4,500
Interest			770	770
Video lottery	1,200,000	1,200,000	1,244,374	44,374
Fees	3,500	4,676	30,229	25,553
Miscellaneous	20,000	34,250	13,842	(20,408)
Total revenues	3,401,928	3,679,778	3,882,466	202,688
EXPENDITURES				
General government	1,148,451	1,206,265	1,429,108	(222,843)
Public safety	1,722,103	1,794,767	1,803,587	(8,820)
Highways and streets	579,520	669,942	499,088	170,854
Culture and recreation	121,300	178,250	233,237	(54,987)
Social services	554	554	10,000	(9,446)
Total expenditures	3,571,928	3,849,778	3,975,020	(125,242)
Excess (deficiency) of revenues over expenditure	(170,000)	(170,000)	(92,554)	77,446
Other financing sources (uses):				
Transfers from other funds	70,000	70,000	16,806	53,194
Transfers to other funds	-	-	(179,103)	(179,103)
Total other financing sources (uses)	70,000	70,000	(162,297)	(232,297)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(100,000)	(100,000)	(254,851)	(154,851)
Fund balance at beginning of year	100,000	100,000	1,041,102	941,102
Fund balance at end of year	$ -	$ -	$ 786,251	$ 786,251

See independent auditor's report.

Municipality of Charles Town, West Virginia
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
State	$ 10,000	$ 10,000	$ 10,997	$ 997
Interest	-	-	21	21
Total revenues	10,000	10,000	11,018	1,018
EXPENDITURES				
Streets and highways	22,629	22,629	-	22,629
Total expenditures	22,629	22,629	-	22,629
Excess (deficiency) of revenues over expenditures	(12,629)	(12,629)	11,018	23,647
Other financing sources (uses):				
Operating transfers out	-	-	(16,806)	(16,806)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(12,629)	(12,629)	(5,788)	6,841
Fund balance at beginning of year	12,629	12,629	17,806	5,177
Fund balance at end of year	$ -	$ -	$ 12,018	$ 12,018

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

Municipality of Charles Town, West Virginia
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Capital Reserve Fund	Coal Severance Fund	Community Development Fund	Residual Fund	Law Enforcement Fund	Totals
ASSETS						
Cash	$ 1,328,318	$ 12,018	$ 45,761	$ 640,041	$ 5,132	$ 2,031,270
Receivables, net of allowances:						
Accounts (loans)	100,305	-	34,196	-	-	134,501
Grants	-	-	-	-	-	-
Due from:	-	-	-	-	-	-
Other funds	-	-	-	640,795	-	640,795
Total assets	$ 1,428,623	$ 12,018	$ 79,957	$ 1,280,836	$ 5,132	$ 2,806,566
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Due to other governments	460,556					460,556
Total liabilities	460,556	-	-	-	-	460,556
Fund balances:						
Reserved for long-term loans receivable	-	-	34,196	-	-	$ 34,196
Reserved for capital improvements	968,067	-	-	-	-	968,067
Unreserved	-	12,018	45,761	1,280,836	5,132	1,343,747
Total fund balances	968,067	12,018	79,957	1,280,836	5,132	2,346,010
Total liabilities and fund balances	$ 1,428,623	$ 12,018	$ 79,957	$ 1,280,836	$ 5,132	$ 2,806,566

See independent auditor's report.

Municipality of Charles Town, West Virginia

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	Capital Reserve Fund	Coal Severance Fund	Community Development Fund	Residual Fund	Law Enforcement Fund	Totals
REVENUES						
Intergovernmental:						
Federal	$ 89,944	$ -	$ -	$ -	$ -	$ 89,944
State	8,599	10,997	-	-	-	19,596
Interest	24,009	21	421	25,690	-	50,141
Developer fees	146,314	-	-	-	-	146,314
Other	-	-	-	-	-	-
Total revenues	268,866	11,018	421	25,690	-	305,995
EXPENDITURES						
General government		-	-	-	-	-
Public safety	20,000	-	-	-	475	20,475
Streets and transportation	137,143	-	-	-	-	137,143
Culture and recreation	6,306	-	-	-	-	6,306
Social services	-	-	-	-	-	-
Total expenditures	163,449	-	-	-	475	163,924
Excess (deficiency) of revenues over expenditures	105,417	11,018	421	25,690	(475)	142,071
Other financing sources (uses):						
Transfers from other funds	169,103	-	-	10,000	-	179,103
Transfer to other funds	-	(16,806)	-	-	-	(16,806)
Total other financing sources (uses)	169,103	(16,806)	-	10,000	-	162,297
Net change in fund balance	274,520	(5,788)	421	35,690	(475)	304,368
Fund balance at beginning of year	693,547	17,806	79,536	1,245,146	5,607	2,041,642
Fund balance at end of year	$ 968,067	$ 12,018	$ 79,957	$ 1,280,836	$ 5,132	$ 2,346,010

See independent auditor's report.

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Council
Municipality of Charles Town
Charles Town, West Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Charles Town, West Virginia, as of and for the year ended June 30, 2008, which collectively comprise the Municipality of Charles Town's basic financial statements and have issued our report thereon dated April 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality of Charles Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of Charles Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Charles Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality of Charles Town's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Municipality of Charles Town's financial statements that is more than inconsequential will not be prevented or detected by the Municipality of Charles Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting (Finding 08-1, 08-2, and 08-3).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality of Charles Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality of Charles Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 08-4 and 08-5.

We noted certain matters that we have reported to management of the Municipality of Charles Town in a separate letter dated April 15, 2009.

The Municipality of Charles Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Municipality of Charles Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

J.C. KUNKLE & ASSOCIATES, C.P.

Martinsburg, West Virginia
April 15, 2009

Municipality of Charles Town
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2008

FINDING #08-1

Condition

The Municipality does not maintain subsidiary ledgers for its capital assets and long-term debt in connection with its governmental funds.

Criteria

U.S. Generally Accepted Accounting Principles require governmental entities to maintain this information in order to prepare the government-wide financial statements.

Cause

Historically, the Municipality has accounted for fixed assets and debt on a cash basis.

Effect

The Municipality risks exposure to not capturing all information necessary to prepare complete and accurate government-wide financial statements.

Recommendation

The Municipality should develop a program to establish fixed asset and subsidiary ledgers and records.

Management's Response

Management concurs and is in the process of developing a program in which to establish these ledgers and records.

FINDING #08-2

Condition

Certain general fund capital leases may not be recorded in accordance with U.S. Generally Accepted Accounting Principles.

Criteria

U.S. Generally Accepted Accounting Principles require that capital leases be recorded as both an asset and obligation of the Municipality in its government-wide financial statements.

Cause

Historically, the Municipality has accounted for general fund capital leases on a cash basis.

Effect

Although the Municipality's governmental funds are not materially misstated, appropriate accounting for capital lease transactions would enhance the usefulness of the Municipality's financial statements.

Recommendation

The Municipality should consider accounting for capital leases in accordance with U.S. Generally Accepted Accounting Principles.

Management's Response

Management concurs and will develop a plan to address this issue on a prospective basis.

FINDING #08-3

Condition

The Municipality does not maintain developers' fee activity in its major capital reserve fund on the modified accrual basis as required by generally accepted accounting principles.

Criteria

Generally accepted accounting principles requires funds to be maintained on the modified accrual basis including all significant current assets and liabilities.

Cause

Historical accounting practice has been to maintain the fund on a cash basis.

Effect

The Municipality's internal financial reporting does not present significant fund liabilities.

Recommendation

The Municipality should use the modified accrual basis for all governmental funds and assure completeness by maintaining an official computerized accounting system.

Management's Response

Management concurs and will change method of accounting.

FINDING #08-4

Condition

The Municipality is in technical non-compliance with its water and sewer bond resolutions.

Criteria

Covenants in the bond resolutions require the Municipality to maintain a 115% debt service coverage ratio. The Municipality's required coverage is deficient.

Cause

Service fees have not been adequate to cover increasing operating expense.

Effect

The Municipality may not be able to obtain financing until sufficient coverage is attained. Cash flow deficiencies have caused significant operating difficulties for the utilities.

Recommendation

The service fee schedules need to be increased to provide sufficient operating revenue.

Management's Response

Management concurs and is in the process of adjusting rates and charges.

FINDING #08-5

Condition

The Municipality significantly exceeded its approved budget in certain functional areas.

Criteria

Approval must be obtained from the State Tax Department for budget line items and expenditures exceeding the original budgeted amounts and should not be made before obtaining approved amendments.

Cause

Incorrect accounting for fund balance reserves caused the excess expenditures.

Effect

The Municipality was in noncompliance with State requirements.

Recommendation

Accounting procedures for fund balance reservation should be corrected.

Management's Response

Management concurs and will correct procedures.

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APPENDIX D – FORM OF OPINION OF BOND COUNSEL

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December 1, 2009

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
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 $7,120,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) (the "Series 2009 A Bonds").

The Series 2009 A 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 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on July 6, 2009, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 20, 2009 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2009 A Bonds are issued in fully registered form, are dated December 1, 2009, upon original issuance, mature on October 1 in the years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2010, as set forth in the Ordinance.

The Series 2009 A Bonds shall be subject to optional redemption on or after October 1, 2015, at par plus accrued interest thereon to the date set for redemption.

The Ordinance provides that the Series 2009 A Bonds are issued for the purpose of currently refunding the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), funding a debt service reserve account for the Series 2009 A Bonds and paying costs of issuance of the Series 2009 A Bonds and related costs.

The Series 2009 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated November 16, 2009, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate 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 and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2009 A 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 adopted and enacted the Ordinance, has authorized, executed and delivered the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2009 A Bonds, and has issued and delivered the Series 2009 A Bonds to the Original 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 Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2009 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity 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, (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000, (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000, (11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000, (12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000, and (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (collectively, the "Prior Bonds"). The Series 2009 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. The Series 1998 Bonds have been paid within the meaning and with the effect expressed in the Ordinance, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1998 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph 5, we have relied upon the verification report of certain independent certified public accountants that the proceeds of the Series 2009 A Bonds are sufficient to pay the entire outstanding principal of, premium, if any, and interest, not otherwise paid, on the Series 1998 Bonds on the date hereof, being the redemption date of the Series 1998 Bonds.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 A Bonds (including any original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the holders 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 Series 2009 A 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 or any other federal tax consequences arising with respect to the Series 2009 A Bonds. Prospective purchasers of the Series 2009 A 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 (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2009 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2009 A Bonds set forth in the Ordinance, the Escrow Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2009 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2009 A Bonds.

7. Under the Act, the Series 2009 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.

8. The Issuer has designated the Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenanted that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2009, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer. Therefore, the Series 2009 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

9. The Series 2009 A 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 Series 2009 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2009 A Bonds and the enforceability of the Series 2009 A Bonds, the Ordinance, the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by 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 do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2009 A Bonds.

We have examined the executed and authenticated Series 2009 A Bonds of said issue, and in our opinion, said Series 2009 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

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APPENDIX E

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Charles Town (the "Issuer"), and United Bank, Inc., Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of $7,120,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Bank Qualified) (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on July 6, 2009 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 20, 2009 (the "Supplemental Resolution" and together with the Original Ordinance, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriters 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 November 16, 2009, which apply to any capitalized term used in the Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who 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).

"Disclosure Representative" shall mean the current General Manager, Fiscal Officer or General Counsel of the Issuer.

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

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C. the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

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

"Repository" shall mean each National Repository and the State Repository, if any.

"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 the Agreement, 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 365 days after the end of the Issuer's fiscal year (presently June 30) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2009, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the Agreement. The Annual Financial Information and Audited Financial Statements 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 the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under the Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer thirty days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information and Audited Financial Statements to the

Dissemination Agent. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to the Repositories its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Due Date the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to the Agreement, stating the date it was provided and listing the Repositories to which it was provided.

SECTION 4. Content of Annual Financial Information. Within 365 days of the Issuer's 2009 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to each Repository information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

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 thaws 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 except as provided by the Ordinance;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) 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 with the Dissemination Agent a notice of such occurrence to be provided to each 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.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement 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. United Bank, Inc., Charleston, West Virginia, is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, 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 the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement 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 the Agreement, the Issuer shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, 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 Financial Information and Audited Financial Statements 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 the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by the Agreement. If the Issuer chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it is any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchaser), the Dissemination Agent may or 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 or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law 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. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Issuer:	City of Charles Town, West Virginia 101 E. Washington Street Charles Town, WV 25414
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

Date: _____, 2009

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

UNITED BANK, INC.,
as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: $7,120,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A

Date of Issuance: December 1, 2009

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: _____
Its: Mayor

By: _____
Its: City Manager

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APPENDIX F – ORDINANCE

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CITY OF CHARLES TOWN
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2009 A

BOND ORDINANCE

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Bond Ordinance

CITY OF CHARLES TOWN
(WEST VIRGINIA)

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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 Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding 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 Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of the City of Charles Town and other users of the System to currently refund its outstanding Series 1998 Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 1998 Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, in the original aggregate principal amount of not more than $8,000,000 (the "Series 2009 A Bonds"), such Series 2009 A Bonds to be secured by and payable from the Gross Revenues (as hereinafter defined) of the System; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the residents of the City that its Series 2009 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser.

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 Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2009 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" means the City of Charles Town Utility Board created by ordinance of the Issuer, or any successor thereto.

"Bond Commission" or "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" shall mean 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 any of the Prior Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bond Year" means 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 2009 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 or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2009 A Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2009 A BOND, attached 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, unless the context clearly indicates otherwise, includes the Governing Body and the Board of the Issuer and any other commission, board or department established by the Issuer to operate and maintain the System.

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

"City Clerk" or "Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2009 A 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 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 "Costs of the Project" 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 described in Section 1.03E.

"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.

"DTC-eligible" means, with respect to the Series 2009 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.

"Governing Body" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the City Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"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 Accountants" 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, 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.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2009 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2009 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2009 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2009 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" 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 2009 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding," when used with reference to 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 Bond at or prior to said date, (b) any

Bond or Prior Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this 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 respectively, 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, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission and any other paying agent for the 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 1998 Design Bonds, the Series 1998 Refunding Bonds, the Series 2000 A Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2002 C Bonds, the Series 2005 A Bonds, the Series 2005 A Bonds, the Series 2006 A Bonds, and the Series 2006 B Bonds, as more fully defined in Section 1.03H hereof.

"Prior Ordinances" means, collectively, the ordinances of the Issuer 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.

"Purchase Price" for the purpose of computation of the Yield of the Series 2009 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 2009 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 2009 A Bonds are privately placed, the price paid by the first buyer of the Series 2009 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 2009 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 2009 A Bonds.

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

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2009 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"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 the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2009 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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued by Section 4.02 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2009 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the respective Reserve Accounts for the Series 2009 A Bonds and the Prior Bonds.

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

"Series 2007 A Notes" means the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000.

"Series 2009 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2009 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2009 A Bonds Redemption Account" means the Series 2009 A Bonds Redemption Account established in the Series 2009 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established in the Series 2009 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2009 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2009 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2009 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2009 A Bonds.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2009 A Bonds and the Prior Bonds.

"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 to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2009 A Bonds and authorizing the sale of the Series 2009 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.

"Surplus Revenues" means the Gross Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the funds and accounts established for the Prior Bonds or the Series 2009 A Bonds.

"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 Series 2009 A 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 now owns and operates, through the Board, a municipal combined water and sewerage System, the construction, extension and improvement of which it has financed or refinanced pursuant to the issuance of the Prior Bonds.

C. The Issuer has determined that present value debt service savings will result from the current refunding of its Outstanding Series 1998 Refunding Bonds, and that it is in the best interest of the residents of the Issuer and other users of the System to currently refund such Series 1998 Refunding Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, in the original aggregate principal amount of not more than $8,000,000, in order to repay in full the remaining principal balance of and all accrued interest on the Issuer 's Series 1998 Refunding Bonds. The proceeds of the Series 2009 A Bonds may also be applied to funding the Series 2009 A Bonds Reserve Account and the payment of underwriter's discount, legal expenses; expenses for estimates of costs and revenues, 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 registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; 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

2009 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

E. It is in the best interest of the Issuer that the Series 2009 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a Bond Purchase Agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by the Supplemental Resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 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").

(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").

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds").

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds").

(12) Combined Waterworks and Sewerage System Revenue Bonds Series 2005 A (Taxable) dated June 15, 2005 issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds").

(13) Combined Waterworks and Sewerage System Revenue Bonds Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"); and

(14) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds").

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

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, the Series 2002 C Bonds, the Series 2003 A Bonds, the Series 2005 A Bonds, the Series 2006 A Bonds, and the Series 2006 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 2009 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 2009 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 Registered Owners of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with such Prior Bonds if required by the Prior Ordinances.

Other than the Prior Bonds and the Series 2007 A Notes, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds and the Series 2007 A Notes. Except for such pledge thereof to secure and pay the Prior Bonds and the Series 2007 A Notes, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2009 A Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2009 A Bonds, the Series 2009 A Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Prior Bonds, and senior as to liens, pledge, source of and security for payment to the Series 2007 A Notes.

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 repair, maintenance and operation of the System, the payment of interest on the Series 2009 A Bonds, the Series 2007 A Notes and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2009 A Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefore, 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 2009 A Bonds, and secure the Series 2009 A Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2009 A Bonds Reserve Account, unexpended proceeds of the Series 2009 A Bonds and as further set forth herein.

J. The Series 2009 A 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 2009 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.

K. All things necessary to make the Series 2009 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 2009 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2009 A Bonds, 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.

M. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2009 A Bonds and the refunding of the Series 1998 Refunding 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 West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2009 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 2009 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 Registered Owners 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 Registered Owners of any and all of such Series 2009 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2009 A Bond and any other Series 2009 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1998 Refunding Bonds Outstanding as of the date of issuance of the Series 2009 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Gross Revenues in favor of the Registered Owners of the Series 1998 Refunding Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 1998 Refunding Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 1998 Refunding Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 1998 Refunding Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 1998 Refunding Bonds. Contemporaneously with the payment in full of the Series 1998 Refunding Bonds, the amounts on deposit in the sinking fund and all other funds and accounts created and maintained on behalf of the Series 1998 Refunding Bonds shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 1998 Refunding Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2009 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2009 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2009 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2009 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2009 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 2009 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 2009 A Bonds shall be in default, Series 2009 A Bonds issued in exchange for Series 2009 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the unpaid Series 2009 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2009 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 2009 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner 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 2009 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 2009 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 Registered Owner thereof, another Series 2009 A Bond in the principal amount of said Series 2009 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2009 A Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the 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 2009 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 2009 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, 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. No Series 2009 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 Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2009 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2009 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2009 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2009 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 2009 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2009 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 Registered Owner, in accepting any of said Series 2009 A Bonds, shall be conclusively deemed to have agreed that such Series 2009 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 shall further be conclusively deemed to have agreed that said Series 2009 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2009 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2009 A Bonds. The Series 2009 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 2009 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 2009 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 2009 A Bond is exercised, Series 2009 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2009 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2009 A Bonds, the initial exchange of Series 2009 A Bonds and exchanges of such 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 2009 A Bonds, the Registrar

may impose a service charge. For every such transfer or exchange of such 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 2009 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 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 so destroyed, stolen or lost, and upon the Registered Owner 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 Registered Owner listed in the Bond Register shall constitute proof of ownership. All 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 thereof.

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. In the event Term Bonds are issued as part of the Series 2009 A Bonds issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2009 A Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th 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.

B. 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.

C. 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 availed 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.

D. 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 moneys in the Series 2009 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.

E. 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 Sinking Fund), as will exhaust as nearly as practicable such Series 2009 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) 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 Registered Owner 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 applicable Bond Insurer, if any, the Original Purchaser, and the Registered Owner of the Series 2009 A Bond or Bonds, as applicable, 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 Series 2009 A 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 Series 2009 A Bonds or portions of such Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Series 2009 A Bonds or portions of such 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 2009 A Bonds or portions of such Bonds shall cease to bear interest. Upon surrender of such 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. All 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 2009 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 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 therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefore to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 1998 Refunding Bonds, funding the Series 2009 A Bonds Reserve Account and paying costs of issuance of the Series 2009 A Bonds and related costs, there shall be issued the Series 2009 A Bonds of the Issuer, in an aggregate principal amount of not more than $8,000,000. The Series 2009 A Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2009 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2009 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2009 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates 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. Book Entry System for Series 2009 A Bonds. The Series 2009 A Bonds (if purchased by the Original Purchaser) shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2009 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2009 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect: "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate 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."

With respect to Series 2009 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2009 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2009 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2009 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2009 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2009 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2009 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2009 A Bonds shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2009 A Bonds shall designate, in accordance with the provisions of this Ordinance. The

provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depositories performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2009 A Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2009 A Bonds. The Issuer shall execute and deliver the Series 2009 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2009 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 2009 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 2009 A Bonds to DTC for the benefit of the Original Purchaser.

(3) Copies of this Ordinance and the Supplemental Resolution certified by the Clerk.

(4) The unqualified approving opinion of Bond Counsel regarding the Series 2009 A Bonds, and

(5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2009 A Bonds. The definitive Series 2009 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2009 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 2009 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2009 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 3.14. Disposition of Proceeds of Series 2009 A Bonds. Upon the issuance and delivery of the Series 2009 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2009 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2009 A Bonds Sinking Fund and applied to payment of interest on the Series 2009 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2009 A 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 2009 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2009 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 1998 Refunding Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 1998 Refunding Bonds in full.

4. An amount of Series 2009 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2009 A Bonds shall be deposited with the Depositary Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2009 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 2009 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2009 A Bonds Sinking Fund established in Section 5.02 hereof and applied to the next ensuing payment of interest on the Series 2009 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 2009 A Bonds from which such proceeds are derived.

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 (or continued if previously established by the Prior Ordinances), 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 and used solely for the purposes provided herein:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances);

(3) Series 2009 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 2009 A Bonds Sinking Fund:

(a) Within the Series 2009 A Bonds Sinking Fund:

(i) Series 2009 A Bonds Reserve Account; and

(ii) Series 2009 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2009 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, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior

Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds, if any; and (ii) commencing 7 months prior to the first interest payment date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 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 2009 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 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 Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund and in the Series 2009 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2009 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2009 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 7 months if the Series 2009 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 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 2009 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2009 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2009 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2009 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2009 A Bonds when the funds on deposit in the Series 2009 A Bonds Sinking Fund are insufficient therefore, and for no other purpose. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2009 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2009 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2009 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2009 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2009 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances, and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2009 A Bonds, if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement, provided that, no further payments shall be made into the Series 2009 A 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 2009 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2009 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2009 A Bonds Reserve Account below the Series 2009 A

Bonds Reserve Requirement on any withdrawal from the Series 2009 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2009 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2009 A Bonds Reserve Account is less than the Series 2009 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2009 A Bonds Reserve Account for deposit into the Series 2009 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2009 A Bonds Reserve Account to an amount equal to the Series 2009 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available, provided however that if the shortfall in the Series 2009 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2009 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 2009 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2009 A Bonds Reserve Requirement.

Amounts in the Series 2009 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2009 A Bonds when due, when amounts in the Series 2009 A Bonds Sinking Fund are insufficient therefore and for no other purpose.

(4) The Issuer shall next, each month, pay from the Revenue Fund the 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) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on the Series 2007 A Notes or any other subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund 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 Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the 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. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

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

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2009 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE REBATES AND CONTINUING DISCLOSURE CERTIFICATE

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 moneys 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 moneys 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 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 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:

(A) Qualified Investments acquired for the Renewal and Replacement Fund or any 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 each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable 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 a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, 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 applicable Sinking Fund and otherwise in accordance with Section 4.05(3).

(D) All amounts representing accrued interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds 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 any Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (a) it will restrict the use of the proceeds of the Series 2009 A Bonds in such manner and to such extent as may be necessary, so that such Series 2009 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (b) 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 the Series 2009 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; Rebates; and Rebate Fund. 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 any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2009 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.

The Issuer shall calculate, annually, the rebatable arbitrage determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board 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, 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 in the time and at 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 therefore. 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 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 Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure 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.

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 2009 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 2009 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 2009 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2009 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2009 A Bonds, all as herein provided. No Holder or Holders of the Series 2009 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 A Bonds or the interest thereon.

Section 6.03 Series 2009 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2009 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, which lien and pledge are senior and prior to the lien in favor of Holders of the Series 2007 A Notes. The payment of the debt service on the Series 2009 A Bonds shall also be secured by the moneys in the Series 2009 A Bonds Sinking Fund, including the Series 2009 A Bonds Reserve Account therein. 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 2009 A Bonds herein authorized, and to make the payments into the Series 2009 A Bonds Sinking Fund, all moneys and securities in the Series 2009 A Bonds Sinking Fund, including the Series 2009 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 2009 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance

Section 6.04. Rates. Prior to the issuance of the Series 2009 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties The schedule or schedules 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 and accounts

created hereunder. 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 hereby covenants and agrees that the schedule or schedules 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 Annual Debt Service on the Series 2009 A Bonds, and all obligations issued on a parity with the Series 2009 A Bonds, including the Prior Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System

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. Operation and Maintenance 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 and the Series 2007 A Notes are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances Additionally, so long as the Series 2009 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 fully pay all the Bonds and Series 2007 A Notes Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances 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 respective Sinking Funds, 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 not 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 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 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 2009 A Bonds, and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional 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 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 2009 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009 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 and requirements 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 the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto or refunding the Prior Bonds or the Series 2007 A Notes, 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 Clerk of the Issuer a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in 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 completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the Maximum Annual Debt Service on the following

(1) The Prior Bonds then Outstanding

(2) The Series 2009 A Bonds then Outstanding,

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding and

(4) The additional parity Bonds then proposed to be issued

Notwithstanding the foregoing, the Issuer shall be permitted to issue bonds which refund any Outstanding Series 2009 A Bonds, any additional parity Bonds hereafter issued or any Prior Bonds if, prior to the issuance of such refunding bonds the Issuer shall have filed with the Clerk (i) a verification report of the Independent Accountants concluding that present value debt service savings shall be realized by the Issuer as a result of such refunding after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the Independent Accountants reciting the conclusion that the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the Maximum Annual Debt Service on the following

(1) The Prior Bonds Outstanding after such refunding,

(2) The Series 2009 A Bonds Outstanding after such refunding,

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding, and

(4) The additional parity refunding 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 parity Bonds 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.

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 Accountants, 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 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 2009 A 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 2009 A Bonds, 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.

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 Surplus Revenues, on a parity with the Series 2007 A Notes. 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 2009 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, if any (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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2009 A Bonds remain Outstanding, the Issuer 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 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 time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence 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 from claims arising out of operation or ownership of motor vehicles of or for the System.

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 Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed 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. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer or 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. 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 therefore

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 6.11. No Free Services. 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 Issuer and any such department, agency, instrumentality, officer or employee. 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 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 6.12. 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 20 days after the same shall become due and payable, 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 charges, if not paid, shall become a lien on the premises served by the System. The Issuer and the Board further covenants and agree that they 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 to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.13. 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 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or 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 Issuer 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 Issuer. 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 Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as it shall direct

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Holder of Bonds requesting the same, an annual report within 120 days following the end of each Fiscal Year 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 shall also file with the Original Purchaser and any Bond Insurer, and mail to any Holder of Bonds 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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter or the charter of the Board, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer 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 all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same

Section 6.16. 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 2009 A 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 such Series 2009 A Bonds during the term thereof is, under the terms of such 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 2009 A 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 2009 A Bonds during the terms thereof is, under the terms of such Series 2009 A 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 2009 A 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 2009 A 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2009 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units

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 2009 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 2009 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 2009 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 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 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 2009 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, and senior and prior to any statutory mortgage lien in favor of the Holders of the Series 2007 A Notes.

Section 6.18. Designation of Series 2009 A Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2009 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2009 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $30,000,000 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 2009 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2009, all as determined in accordance with the Code.

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 2009 A Bonds

(A) If default by the Issuer 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 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 Registered Owner of any Bond,

(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, or

(D) If the Issuer defaults on the Prior Bonds, the Series 2007 A Notes or the Prior Ordinances

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner of any Bond 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 Registered Owners, including the right to require the Issuer to perform its duties under the Act and this Ordinance,

(C) Bring suit upon the Bonds or Series 2007 A Notes,

(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 Registered Owners of the Bonds and the Series 2007 A Notes, and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Registered Owners of the Bonds and the Series 2007 A Notes

No remedy by the terms of this Ordinance conferred upon or reserved to the Registered Owners 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 Registered Owners 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 Registered Owners 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 Registered Owner 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 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 2009 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, 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 Registered Owner 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 Registered Owners of the 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 Registered Owners of the Bonds, 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.

Section 7.04. Restoration of Issuer and Registered Owners. In case any Registered Owner 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 Registered Owners shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owners shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2009 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2009 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries 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 2009 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2009 A Bonds. The Fiduciaries 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 Fiduciaries May Act. Except as otherwise provided by Section 10.02, the Fiduciaries shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. Whenever any Fiduciary 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 such Fiduciary may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2009 A Bonds, the first exchange of Series 2009 A Bonds and the exchange of Series 2009 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2009 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 Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Series 2009 A Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2009 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 Registered Owner in the event all Series 2009 A 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.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Registered Owners of a majority in principal amount of the Series 2009 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Registered Owners 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.

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 Registered Owners of a majority in principal amount of the Series 2009 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Registered Owners 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 Registered Owners. The Issuer shall publish in an Authorized Newspaper (or mail to each Registered Owner in the event all Series 2009 A 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 Registered Owners. 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 Registered Owner 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 moneys, books and records held by it and relating to the Series 2009 A Bonds 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 2009 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 Series 2009 A Bonds so authenticated; and, in case any Series 2009 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2009 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. 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 2009 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 moneys available therefore.

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 Registered Owners 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 moneys 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 Registered Owners of all Series 2009 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, then this Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2009 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, 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 first paragraph of this section. All Series 2009 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 moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, 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 Series 2009 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2009 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys 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 Series 2009 A 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. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2009 A Bonds provided that, in the event any of the Series 2009 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2009 A Bonds or the rights of the applicable Bond Insurer for such Series 2009 A Bonds may be effected 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 Registered Owners of 60% in aggregate principal amount of the Series 2009 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 Series 2009 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2009 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2009 A Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners 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 Registered Owner 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 Holder 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 2009 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2009 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Registered Owner of any Bond shall bind all future Registered 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 Registered Owner, 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 Series 2009 A Bonds. All Series 2009 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 Series 2009 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2009 A Bonds shall be issued in lieu thereof. All such Series 2009 A 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 Series 2009 A Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2009 A Bonds which remain unclaimed for 1 year after the date on which such Series 2009 A 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 Registered Owners of such Series 2009 A Bonds shall look only to the Issuer for the payment of such Series 2009 A 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 Registered Owner, at the address listed on the Bond Register, by certified mail, a notice that such moneys 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 moneys then unclaimed will be returned to the Issuer. If any of said Series 2009 A Bonds is a coupon Bond the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

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, or the Original Purchaser 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
P. O. Box 14
Charles Town, West Virginia 25414
Attention: City Manager

REGISTRAR AND PAYING AGENT:

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK:

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASERS:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

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 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 Series 2009 A 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 2009 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 Registered Owners of the Series 2009 A Bonds 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 Registered Owners of the Series 2009 A Bonds 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, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, City Manager, City Clerk and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. 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 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 Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on July 6, 2009, at 7:00 p.m., 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.

First Reading May 18, 2009

Second Reading June 15, 2009

Passed on Final Reading
Following Public
Hearing July 6, 2009

Section 10.15 Effective Date. This Ordinance shall take effect immediately upon enactment.

[Remainder of Page Intentionally Left Blank]

Enacted this 6th day of July, 2009.

[SEAL]

Mayor

ATTEST

City Clerk

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of the CITY OF CHARLES TOWN at a regular meeting of the Council held at 7:30 p.m., on July 6, 2009, 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 published and 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 ____ day of _____, 2009.

[SEAL]

_____
City Clerk

EXHIBIT A - SERIES 2009 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. 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-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2009 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefore, 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 City 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, 20____, (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 _____, _____, _____, 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 City maintained by _____, _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____, designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2009, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1998 Refunding Bonds, (ii) to fund the Series 2009 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2009 A Bonds and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on _____, 2009, and supplemented by supplemental resolutions adopted by said Council on _____, 2009, and _____, 2009 (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 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 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 Bonds of this issue 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 or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the Issuer 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
_____ to _____	$_____
_____ to _____	$_____
_____ to _____	$_____

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, _____ are subject to annual mandatory redemption prior to maturity by random selection 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

Year ( ) Principal Amount

Bonds Maturing

Year ( ) Principal Amount

_____
* Final Maturity

If less than all the Bonds are to be redeemed, the 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 Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge, source of and security for payment, as follows (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");

(10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 1, 2002, issued in the original aggregate principal amount of $4,135,000 (the "Series 2002 C Bonds");

(11) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (AMT - Uninsured), dated January 1, 2003, issued in the original aggregate principal amount of $1,000,000 (the "Series 2003 A Bonds");

(12) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), dated June 15, 2005, issued in the original aggregate principal amount of $2,355,000 (the "Series 2005 A Bonds");

(13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (Taxable), dated January 19, 2006, issued in the original aggregate principal amount of $1,830,000 (the "Series 2006 A Bonds"), and

(14) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 B (Tax-Exempt), dated July 27, 2006, issued in the original aggregate principal amount of $2,000,000 (the "Series 2006 B Bonds");

The Issuer also has outstanding its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2007 A, dated April 11, 2007, issued in the original aggregate principal amount of $1,070,000 (the "Series 2007 A Notes"). The Series 2007 A Notes are secured solely by the Surplus Revenues of the System and the proceeds of a subsequent series of bonds to be issued by the Issuer for the purpose of permanently financing the costs of the project temporarily financed by the proceeds of such Series 2007 A Notes. The proceeds of the Series 2007 A Notes are not secured by the Gross Revenues or Net Revenues of the System. The Series 2009 A Bonds and the Prior Bonds shall be senior and prior with respect to lien on and source of and security for payment to the Series 2007 A Notes.

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The 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 with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such 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 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 moneys in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds, except for accrued interest thereon, shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1998 Refunding Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the 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 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 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 Gross 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 Bonds of which this Bond is one.

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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This 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 and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN 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 Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

(Manual or Facsimile Signature)
City Manager

ATTEST

(Manual or Facsimile Signature)
City Clerk

5144561

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered 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 Bonds.

Dated: _____, _____.

_____
as Registrar

By _____
its Authorized Officer

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.

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the City and the Underwriter believe to be reliable, but neither the City nor the Underwriter take any responsibility for the accuracy thereof.

The Depository Trust Company

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 the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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. Beneficial Owners are, however, 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 Direct and Indirect 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 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 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 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 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. For example, 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. 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 any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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. Redemption proceeds, distributions, and dividend 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 finds and corresponding detail information from the City 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, Agent, or the City,

subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE INFORMATION PROVIDED IMMEDIATELY ABOVE UNDER THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CITY OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the City and the Paying Agent will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting.

Under the Ordinance, payments made by the Paying Agent to DTC or its nominee shall satisfy the City's obligation under the Ordinance to the extent of the payments so made.

Neither the City nor the Paying Agent shall have any responsibility or obligation to any DTC Participant or Indirect Participant with respect to:

(i) the accuracy of the records of DTC, its nominee or any DTC participant or indirect participant with respect to any beneficial ownership interest in any bonds;

(ii) the delivery to any DTC participant or indirect participant or any other person, other than the registered owner of a bond, as shown in the bond register, of any notice with respect to any bond, including, without limitation, any notice of redemption;

(iii) the selection by DTC or any DTC participant or indirect participant of any person to receive payment in the event of a partial redemption of bonds;

(iv) the payment to any DTC participant or indirect participant or any other person other than the registered owner of a bond, as shown in the bond register, of any amount with respect to the principal of, redemption price, or interest on, any bond; or

(v) any consent given by DTC as registered owner.

Prior to the discontinuation of the book-entry only system as described above, the City and the Paying Agent may treat DTC and any successor securities depository to be the absolute owner of the bonds for all purposes, including, without limitation:

(i) The payment of principal of redemption price or interest on the bonds;

(ii) giving notices of redemption and other matters with respect to the bonds;

(iii) registering transfers with respect to the bonds; and

(iv) the selection of bonds for redemption.

The Beneficial Owners of the Bonds have no right to a securities depository for the Bonds. DTC or any successor securities depository may resign as depository for the Bonds by giving notice to the Paying Agent and discharging its responsibilities under applicable law. In addition, the City may remove DTC or a successor securities depository for any reason at any time. In such event, the City shall (i) appoint a securities depository qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, notify the prior securities depository of the appointment of such successor depository and transfer one or more separate bond certificates to such successor securities depository or (ii) notify the securities depository of the availability through the securities depository of bond certificates and transfer one or more separate bond certificates to Depository Participants having Bonds credited to their accounts at the securities depository. In such event, such Bonds shall no longer be restricted to being registered in the registration books of the City in the name of the securities depository or its nominee, but may be registered in the name of the successor securities depository or its nominee, or in whatever name or names the Depository Participants receiving such Bonds shall designate, in accordance with the provisions of the Ordinance.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (i) DTC determines to resign as securities depository for the Bonds; or (ii) the City determines to so discontinue it for any reason at any time. In any such event (unless the City appoints a successor securities depository), Bonds will then 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 City or the Paying Agent for the accuracy of such designation. Whenever DTC requests the City or the Paying Agent to do so, the City or the Paying Agent 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 2009 A Bonds.

APPENDIX H – ANNUAL DEBT SERVICE REQUIREMENTS

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Final

$7,120,000.00

City of Charles Town WV
Combined Waterworks and Sewerage System Revenue Refunding
Refunding Series 1998 (Non Rated / Bank Qualified)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/01/2009	-	-	-	-	-
04/01/2010	-	-	95,382.50	95,382.50	-
10/01/2010	305,000.00	2.000%	143,073.75	448,073.75	543,456.25
04/01/2011	-	-	140,023.75	140,023.75	-
10/01/2011	365,000.00	2.500%	140,023.75	505,023.75	645,047.50
04/01/2012	-	-	135,461.25	135,461.25	-
10/01/2012	380,000.00	3.000%	135,461.25	515,461.25	650,922.50
04/01/2013	-	-	129,761.25	129,761.25	-
10/01/2013	390,000.00	3.200%	129,761.25	519,761.25	649,522.50
04/01/2014	-	-	123,521.25	123,521.25	-
10/01/2014	410,000.00	3.400%	123,521.25	533,521.25	657,042.50
04/01/2015	-	-	116,551.25	116,551.25	-
10/01/2015	305,000.00	3.600%	116,551.25	421,551.25	538,102.50
04/01/2016	-	-	111,061.25	111,061.25	-
10/01/2016	320,000.00	3.800%	111,061.25	431,061.25	542,122.50
04/01/2017	-	-	104,981.25	104,981.25	-
10/01/2017	325,000.00	4.000%	104,981.25	429,981.25	534,962.50
04/01/2018	-	-	98,481.25	98,481.25	-
10/01/2018	340,000.00	4.000%	98,481.25	438,481.25	536,962.50
04/01/2019	-	-	91,681.25	91,681.25	-
10/01/2019	355,000.00	4.100%	91,681.25	446,681.25	538,362.50
04/01/2020	-	-	84,403.75	84,403.75	-
10/01/2020	370,000.00	4.200%	84,403.75	454,403.75	538,807.50
04/01/2021	-	-	76,633.75	76,633.75	-
10/01/2021	380,000.00	4.350%	76,633.75	456,633.75	533,267.50
04/01/2022	-	-	68,368.75	68,368.75	-
10/01/2022	395,000.00	4.500%	68,368.75	463,368.75	531,737.50
04/01/2023	-	-	59,481.25	59,481.25	-
10/01/2023	425,000.00	4.600%	59,481.25	484,481.25	543,962.50
04/01/2024	-	-	49,706.25	49,706.25	-
10/01/2024	435,000.00	4.625%	49,706.25	484,706.25	534,412.50
04/01/2025	-	-	39,646.88	39,646.88	-
10/01/2025	455,000.00	4.625%	39,646.88	494,646.88	534,293.76
04/01/2026	-	-	29,125.00	29,125.00	-
10/01/2026	475,000.00	5.000%	29,125.00	504,125.00	533,250.00
04/01/2027	-	-	17,250.00	17,250.00	-
10/01/2027	335,000.00	5.000%	17,250.00	352,250.00	369,500.00
04/01/2028	-	-	8,875.00	8,875.00	-
10/01/2028	355,000.00	5.000%	8,875.00	363,875.00	372,750.00
Total	**$7,120,000.00**	-	**$3,208,485.01**	**$10,328,485.01**	-

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$7,120,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS (BANK-QUALIFIED)
SERIES 2009A

BOND PURCHASE AGREEMENT

November 16, 2009

City of Charles Town
P. O. Box 14
Charles Town, West Virginia 25414

Ladies and Gentlemen:

Crews & Associates, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the City of Charles Town, West Virginia (the "City"). This offer is made subject to acceptance and execution of this Purchase Agreement by the City prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the City as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Mayor of the City in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Ordinance.

1. The City's Combined Waterworks and Sewerage System Refunding Revenue Bonds (Bank Qualified), Series 2009 A (the "Bonds") are being issued, along with other available funds: (i) to finance the costs of currently refunding the City's 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, of which $6,980,000.00 is outstanding (the "Series 1998 Bonds"); (ii) to fund the Series 2009 A Bonds Reserve Account; and (iii) to pay costs of issuance of the Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Ordinance enacted by the City Council of the City on July 6,

2009 (the "Original Ordinance") and as supplemented by a Supplemental Parameters Resolution adopted by the City Council of the City on July 20, 2009 (the "Supplemental Resolution" and together with the Original Ordinance, the "Ordinance"). The Bonds shall be secured by the Gross Revenues derived by the City from the operation through its Utility Board of its combined waterworks and sewer system (the "System) and the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account therein.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the City, and the City agrees to sell to the Underwriter, the Bonds, at an aggregate purchase price of $6,959,956.60 ($7,120,000 minus Underwriter's discount of $124,600.00 and minus an original issue discount of $35,443.40).

The Bonds shall mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the Bonds are called for prior redemption and payment on such date provided therefore, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2010, as more fully described on Exhibit A-1 attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibit A-1, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the City, the City shall deliver or cause to be delivered to the Underwriter three copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement, dated November 9, 2009 (the "Preliminary Official Statement") and prior to delivery of the Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the City by its Mayor as requested below.

3. The Official Statement has been approved for distribution by the Ordinance. The City authorizes the use of copies of the Official Statement and the Ordinance in connection with the public offering and sale of the Bonds.

On November 9, 2009, the City delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the City which deemed the Preliminary Official Statement "final' within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. ' 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The City

shall deliver or cause to be delivered to the Underwriter, after the acceptance by the City of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the City in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The City covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the City has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the City so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the City will furnish such information with respect to itself as the Underwriter from time to time reasonably requests. The Underwriter hereby agrees that it will deposit or cause to be deposited with the Municipal Securities Rulemaking Board a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the City that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the City from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on December 1, 2009, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the City will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly

executed by the City and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Ordinance. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the City. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on November 30, 2009. If the City does not have a Blanket DTC Letter of Representation (the "DTC Letter of Representations"), the City agrees to provide one to DTC.

5. The City represents and warrants to the Underwriter and agrees that:

(a) The City is a political subdivision of the State of West Virginia in Jefferson County of said State. The Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically, Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act");

(b) The City shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

(c) The City has full legal right, power and authority to issue bonds for purposes provided in the Ordinance and to enter into this Purchase Agreement, to enact the Ordinance and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The information contained in the Preliminary Official Statement dated November 9, 2009, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(e) At the time of the City's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in

accordance with subparagraph (i) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the City and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(h) Prior to the City's acceptance hereof, the City delivered to the Underwriter copies of the Preliminary Official Statement which the City deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (h) the City shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (e);

(i) For purposes of this Purchase Agreement, the End of the Underwriting Period for the respective series of Bonds shall mean the earlier of (a) the day of the Closing

unless the City has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the End of the Underwriting Period for the respective series of Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the City by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City pursuant to clause (a) above that the End of the Underwriting Period for the respective series of Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the City in writing as soon as practicable following the "end of the underwriting period" for the respective series of Bonds for all purposes of the Rule;

(j) At or prior to the Closing, the City shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(k) The City has duly authorized all necessary action to be taken by it for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (2) the execution and delivery of the Ordinance and the Undertaking; (3) the approval of the Official Statement and the execution, distribution and delivery of the Official Statement by the Mayor of the City; (5) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Ordinance and the Official Statement;

(l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the City payable solely from the Gross Revenues of the System and moneys pledged therefor under the Ordinance and will be entitled to the benefit of the Ordinance. Neither the credit nor the taxing power of the City shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of, premium, if any, or the interest on the Bonds;

(m) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the City (or, to our knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, the

Undertaking, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(n) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the City's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which the City is or may be bound, and to our knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(o) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon;

(p) All financial statements of the City included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the City's System as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the City or any material adverse change in the general affairs, management, financial position, or results of operations of the City's System and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System by the City, except as reflected in or contemplated by the Official Statement; and

(q) Any certificate signed by the Mayor of the City or any of the City's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the City contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the City, and that any obligation or liability of the City hereunder or under the Ordinance will be payable solely out of the Gross Revenues and other income, charges and moneys derived

by the City from, or in connection with the System, nor shall any member, official or employee of the City be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the City made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Ordinance and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the City in writing of their election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(ii) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter=s reasonable opinion, materially adversely affects the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange

Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or 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 made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds; or

(vii) There shall have been any materially adverse change in the affairs of the City; and

(c) At or prior to the Closing, the Underwriter and the City shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(i) An opinion, dated the date of the Closing and addressed to the City and the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the form attached as Appendix D to the Official Statement;

(ii) A supplemental bond counsel opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that (i) this Purchase Agreement has been duly authorized, executed and delivered by,

and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the City; (ii) 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; (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 Series 2009 A Bonds," "The Series 2009 A Bonds" (except for the statements referred to therein under "Appendix G - Book-Entry Only System" with respect to The Depository Trust Company), "Financing Plan," "Appendix D – Form of Bond Counsel Opinion" and "Appendix F – Ordinance," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein;

(iii) An opinion, dated the date of Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, counsel for the City, to the effect that (i) the City has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Bonds, (ii) any requirement as to legal matters as the Underwriter shall reasonably require, (iii) no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the City 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 City 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 Purchase Agreement, or contesting the powers of the State with respect to the Bonds, the Ordinance or this Purchase Agreement or any transaction described in or contemplated by the Official Statement, (iv) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the City of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the City, in light of the circumstances under which they were made, not misleading, and (v) the statements contained in the Official Statement under the captions "The System," "Financing Plan," and "Appendix B—The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein;

(iv) An opinion dated the date of Closing and addressed to the Underwriter of Hoy G. Shingleton Jr., counsel for the Charles Town Utility Board, to the effect that (i) no litigation is pending, or to his knowledge, threatened in any court in any way

affecting the existence of the Utility 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 revenues and assets of the Utility Board pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof or any transaction described in or contemplated by the Official Statement, (ii) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the Utility Board of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Utility Board, in light of the circumstances under which they were made, not misleading, (iii) the statements contained in the Official Statement under the captions "The System," "Financing Plan," and "Appendix B—The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein, and (iv) any requirement as to legal matters as the Underwriter shall reasonably require;

(v) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(vi) An opinion, dated the date of the Closing and addressed to the Underwriter, of Jackson Kelly PLLC, Underwriter's Counsel, to the effect that (i) this Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter; (ii) the Continuing Disclosure Certificate complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (iii) that nothing has come to our attention that would lead us to believe that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains any 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;

(vii) A certificate, satisfactory to the Underwriter, of the Mayor of the City or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the collection

of the Gross Revenues, the pledge of the Gross Revenues to the Bonds, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Ordinance, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound and (v) you are in compliance with all covenants in your outstanding resolutions which authorized bonds secured by the Gross Revenues of the System;

(viii) Copies of this Purchase Agreement executed by the parties thereto;

(ix) Duly authorized and executed copies of the Undertaking, in substantially the form attached as Appendix E to the Official Statement and incorporated herein, which complies with the provisions of Rule 15c2-12(b)(5) in form and substance satisfactory to the Underwriter;

(x) A certificate of the City executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the City is obligated by such Undertaking and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(xi) A certificate from J. C. Kunkle & Associates, A.C., Certified Public Accountants, that the City has Gross Revenues sufficient to meet the rate coverage requirements of the Ordinance;

(xii) A Certificate of the Registrar to the effect that all conditions precedent contained in the Ordinance for the issuance of the Bonds have been met, and are entitled to the benefit and security of the Ordinance;

(xiii) The Ordinance, certified by the City Clerk under the seal of the City, as having been duly adopted by the City and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(xiv) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G;

(xv) Evidence that the Series 1998 Bonds have either been paid in full or defeased until the first available call date; including a defeasance opinion of Bond Counsel and a defeasance certificate from the paying agent for the Series 1998 Bonds; and

(xvi) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or their counsel, Jackson Kelly PLLC, reasonably 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 City'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 City 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 City;

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Purchase 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 Jackson Kelly PLLC, counsel to the Underwriter.

If the City shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and the City shall not have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the City shall pay or cause to be paid from the proceeds of the Series 2009 A Bonds or other funds of the City, any fees and expenses incident to the performance of the City's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel; (iv) all advertising expenses in connection with the public offering of the Bonds; (v) the fees and disbursements of the Registrar including legal fees of legal counsel, if any; (vi) the fees and expenses of Counsel to the Underwriter; (vii) the fees and expenses of the accountant; and (viii) all other expenses and costs (including the fees and expenses of the City) for the authorization, issuance, sale and distribution of the Bonds.

8. The Underwriter shall pay from the underwriting spread all expenses incurred by it in connection with its public offering and distribution of the Bonds, including all out-of-pocket expenses, travel and other expenses and filing fees.

9. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, are offering the Bonds which constitute the whole or a part of their unsold participations, the City will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of the Counsel to the City, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the City. For the purposes of this paragraph, the City will furnish such information with respect to themselves as the Underwriter from time to time may request.

10. Neither the officials of the City nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the City within this Purchase Agreement.

11. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the City:

City of Charles Town
P. O. Box 14
Charles Town, West Virginia 25414
Attention: City Manager

To the Underwriter:

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

12. This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

13. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

14. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the City. This Purchase Agreement shall become legally effective upon its acceptance by the City, as evidenced by the signature of the Mayor of the City in the space provided hereinafter therefor.

Crews & Associates, Inc.

By: _____
Its: Vice President

ACCEPTED AND APPROVED:

City of Charles Town, West Virginia

By: _____
Its: Mayor

EXHIBIT A-1

Series 2009 A Bonds

Maturity	Amount	Coupon	Price	Yield
10/01/2010	$305,000.00	2.000%	100.000%	2.000%
10/01/2011	$365,000.00	2.500%	100.000%	2.500%
10/01/2012	$380,000.00	3.000%	100.000%	3.000%
10/01/2013	$390,000.00	3.200%	100.000%	3.200%
10/01/2014	$410,000.00	3.400%	100.000%	3.400%
10/01/2015	$305,000.00	3.600%	100.000%	3.600%
10/01/2016	$320,000.00	3.800%	100.000%	3.800%
10/01/2017	$325,000.00	4.000%	100.000%	4.000%
10/01/2018	$340,000.00	4.000%	99.260%	4.100%
10/01/2019	$355,000.00	4.100%	99.196%	4.200%
10/01/2020	$370,000.00	4.200%	99.136%	4.300%
10/01/2021	$380,000.00	4.350%	99.082%	4.450%
10/01/2022	$395,000.00	4.500%	99.033%	4.600%
10/01/2023	$425,000.00	4.600%	98.985%	4.700%

$890,000.00 4.625% Term Bonds, Due October 1, 2025 at 98.286% CUSIP 160028 CM6
$1,165,000.00 5.000% Term Bonds, Due October 1, 2028 at 100.00% CUSIP 160028 CN4

Optional Redemption

The Series 2009 A Bonds are subject to optional redemption prior to their stated maturity on or after October 1, 2015, at the option of the City at par plus accrued interest thereon to the date set for redemption.

Mandatory Sinking Fund Redemption

The Series 2009 A Bonds maturing on October 1, 2025 and October 1, 2028, are subject to annual mandatory redemption prior to maturity by random selection on October 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 2025

Year (October 1)	Principal Amount
2024	$435,000.00
2025	$455,000.00*

Bonds Maturing 2028

Year (October 1)	Principal Amount
2026	$475,000.00
2027	$335,000.00
2028	$355,000.00*

*Final Maturity

If less than all the Series 2009 A Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Charles Town (the "Issuer"), and United Bank, Inc., Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of $7,120,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Bank Qualified) (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on July 6, 2009 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 20, 2009 (the "Supplemental Resolution" and together with the Original Ordinance, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-l2(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated November 16, 2009, which apply to any capitalized term used in the Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who 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).

"Disclosure Representative" shall mean the current General Manager, Fiscal Officer or General Counsel of the Issuer.

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

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C. the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

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

"Repository" shall mean each National Repository and the State Repository, if any.

"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 the Agreement, 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 365 days after the end of the Issuer's fiscal year (presently June 30) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2009, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the Agreement. The Annual Financial Information and Audited Financial Statements 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 the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under the Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer thirty days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information and Audited Financial Statements to the

Dissemination Agent. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to the Repositories its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Due Date the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to the Agreement, stating the date it was provided and listing the Repositories to which it was provided.

SECTION 4. Content of Annual Financial Information. Within 365 days of the Issuer's 2009 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to each Repository information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

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 thaws 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 except as provided by the Ordinance;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) 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 with the Dissemination Agent a notice of such occurrence to be provided to each 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.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement 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. United Bank, Inc., Charleston, West Virginia, is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, 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 the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement 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 the Agreement, the Issuer shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, 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 Financial Information and Audited Financial Statements 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 the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by the Agreement. If the Issuer chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it is any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchaser), the Dissemination Agent may or 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 or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law 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. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Issuer:	City of Charles Town, West Virginia 101 E. Washington Street Charles Town, WV 25414
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

Date: December 1, 2009

CITY OF CHARLES TOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

UNITED BANK, INC.,
as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: $7,120,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A

Date of Issuance: December 1, 2009

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: _____
Its: Mayor

By: _____
Its: City Manager

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Original Purchaser") that they are the duly elected or appointed, as applicable, qualified and acting Mayor and City Manager of the City of Charles Town (the "Issuer") authorized to execute and deliver this Certificate and further certifies on behalf of the Issuer to the Original Purchaser as follows:

(1) This Certificate is delivered to enable the Original Purchaser to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the City of Charles Town Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated November 9, 2009, setting forth information concerning the Bonds and the Issuer (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 and other terms 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 Issuer shall promptly notify the Original Purchaser thereof.

[Signature page follows.]

IN WITNESS WHEREOF, we have hereunto set our hands as of the 1st day of December 2009 to this Rule 15c2-12 Certificate.

Mayor

City Manager

11.17.09
144220.00023

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Sixth Floor
P.O. Box 2190
Clarksburg, WV 26302-2190
(304) 624-8000 (304) 624-8183 Fax
www.steptoe-johnson.com

Writer's Contact Information

November 25, 2009

$7,120,000
City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

VIA FAX AND REGULAR MAIL

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

Dear Ms. Boardman:

As bond counsel for the City of Charles Town (the "Issuer"), we wish to advise you that on December 1, 2009 (the "Closing Date"), the Issuer will deliver the above-captioned bonds (the "Series 2009 A Bonds") to Crews & Associates, Inc. (the "Purchaser"). A portion of the proceeds of the Series 2009 A Bonds will be used to currently refund the Issuer's entire outstanding principal amount of 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").

On the Closing Date, the Purchaser will wire transfer to the Municipal Bond Commission, as the paying agent for the Series 1998 Refunding Bonds and the Series 2009 A Bonds (the "Paying Agent"), proceeds of the Series 2009 A Bonds in the amount of $6,895,965.61. Of such total amount, $6,236,966.52 will be deposited by the Paying Agent on the Closing Date into the Series 1998 Bonds Sinking Fund pursuant to a Prepayment Agreement dated December 1, 2009 (the "Prepayment Agreement"), by and among the Issuer, the Paying Agent and the Bank of New York, as registrar for the Series 1998 Refunding Bonds (the "Registrar"). Of such total amount, $657,042.50 will be deposited by the Paying Agent on the Closing Date into the Series 2009 A Bonds Reserve Fund to be maintained by the Paying Agent

in connection with the Series 2009 A Bonds and $1,956.59 will be applied to the payment of the fees and expenses of the Paying Agent in connection with the Series 1998 Refunding Bonds.

At least one business day prior to January 4, 2010, the redemption date for the Series 1998 Refunding Bonds (the "Redemption Date"), the Paying Agent will transfer the sum of $7,143,530.44 (the "Redemption Price"), consisting of proceeds of the Series 2009 A Bonds in the amount of $6,236,966.52, together with funds then on deposit in the Series 1998 Bonds Sinking Fund in the amount of $112,137.92 and funds then on deposit in the Series 1998 Bonds Reserve Account in the amount of $794,426 to the Registrar. The Registrar shall thereupon apply the Redemption Price to the redemption of the Series 1998 Refunding Bonds on the Redemption Date in accordance with the Prepayment Agreement.

If you have any questions regarding the foregoing, please feel free to call me.

Very truly yours,

Thomas L. Aman, Jr.

TLA

cc: Ms. Jane E. Arnett
Ms. Rosalyn Y. Davis
Mr. Gregory B. Isaacs
Samme L. Gee, Esquire

11/17/09
144220/00023

[to be sent via registered or certified mail to Bond Insurer, Original Purchaser, EMMA, Standard & Poor's Called Bond Record and the Depository Trust Company at least 30 days and not more than 60 days prior to the Redemption Date]

Notice of Redemption

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

Notice is hereby given that, the City of Charles Town (the "Issuer") has, pursuant to a Bond Ordinance enacted July 6, 2009 (the "Bond Ordinance"), as such Bond Ordinance is supplemented pursuant to a Supplemental Parameters Resolution adopted July 20, 2009 (the "Supplemental Resolution"), issued its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt), dated December 1, 2009, in the original aggregate principal amount of $7,120,000 (the "Series 2009 A Bonds"), for the purpose of effecting the current refunding of the entire aggregate principal amount of its 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 Bonds") in accordance with the redemption provisions of the Bond Ordinance enacted by the Issuer on March 16, 1998, as supplemented by the Supplemental Resolution adopted by the Issuer on May 18, 1998. The Series 1998 Bonds are to be redeemed in their entirety on January 4, 2010 (the "Redemption Date"). The payment which is to be made in order to effect such redemption in each case will include the principal amount at 101% of par (the "Redemption Price"), and accrued interest to the redemption date as follows:

Bond No.	Cusip No.*	Unpaid Principal	Redemption Price	Principal Redemption
R-13	160028 AN6	$310,000	101%	$313,100
R-14	160028 AP1	$320,000	101%	$323,200
R-15	160028 AQ9	$340,000	101%	$343,400
R-16	160028 AT3	$355,000	101%	$358,550
R-17	160028 AR7	$1,605,000	101%	$1,621,050
R-18	160028 AS5	$4,050,000	101%	$4,090,500

On the Redemption Date the Redemption Price and all interest accrued on the Series 1998 Bonds will become due and payable upon the Series 1998 Bonds and interest thereon shall cease to accrue from and after said date. There is currently on deposit with the

Registrar for the Series 1998 Bonds an amount sufficient to pay, on the Redemption Date, the Redemption Price of the Series 1998 Bonds and the interest accrued thereon.

All Series 1998 Bonds outstanding may be surrendered for payment and delivered to the Registrar at the following address:

The Bank of New York, Corporate Trust Department
385 Rifle Camp Road
West Paterson, New Jersey 07424

BY MAIL:
The Bank of New York
P.O. Box 396
East Syracuse, NY 13057
Attention: Bond Redemption Unit

HAND DELIVERY/OVERNIGHT MAIL:
The Bank of New York
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attention: Bond Redemption Unit

These securities will become due and payable on the Redemption Date at the office of the Registrar as indicated above.

Date of Notice: December 1, 2009

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, Registrars and Paying Agents may be obligated to withhold 31% from payments of principal to individuals who have failed to furnish the Registrar and Paying Agent with a valid Taxpayer Identification Number. Holders of the above stated securities who wish to avoid the application of these provisions should submit certified Taxpayer Identification Numbers on Form W-9 when presenting their bonds. The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.

**The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.*

11.11.09
144220.00023

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

RECEIPT AND RELEASE OF SERIES 1998 BONDS

The undersigned, authorized representatives of the West Virginia Municipal Bond Commission (the "Paying Agent") and the Bank of New York (the "Registrar") hereby certify as follows:

On the 1st day of December, 2009, the Paying Agent received the sum of $6,238,923.11 from the proceeds of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt) issued by the City of Charles Town (the "City") and such amount, together with the funds then on deposit with the Paying Agent in the Series 1998 Bonds Sinking Fund and Series 1998 Bonds Reserve Account is sufficient to: (i) pay the entire outstanding principal of, redemption premium and all accrued interest on the 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 Bonds"), on January 4, 2010, the redemption date for the Series 1998 Bonds (the "Redemption Date"), (ii) to pay all fees and expenses of the Paying Agent in connection with such Series 1998 Bonds, and (iii) discharge the liens, pledges and encumbrances securing such Series 1998 Bonds.

At least one Business Day prior to the Redemption Date the Paying Agent shall transfer the sum of $7,143,530.44 unto the Registrar in order to facilitate the payment by the Registrar of the redemption price on the Redemption Date to the registered owners of the Series 1998 Bonds upon the presentation and surrender of such Series 1998 Bonds for payment and cancellation.

[signature page follows]

WITNESS our signatures on this 1st day of December, 2009.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By:_____
Its: Authorized Representative

BANK OF NEW YORK

By:_____
Its: Authorized Representative

11.24.09
144220.00023

WITNESS our signatures on this 1st day of December, 2009.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By:_____
Its: Authorized Representative

BANK OF NEW YORK

By:_____
Its: Authorized Representative

11.24.09
144220.00023

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: [signature]

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.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

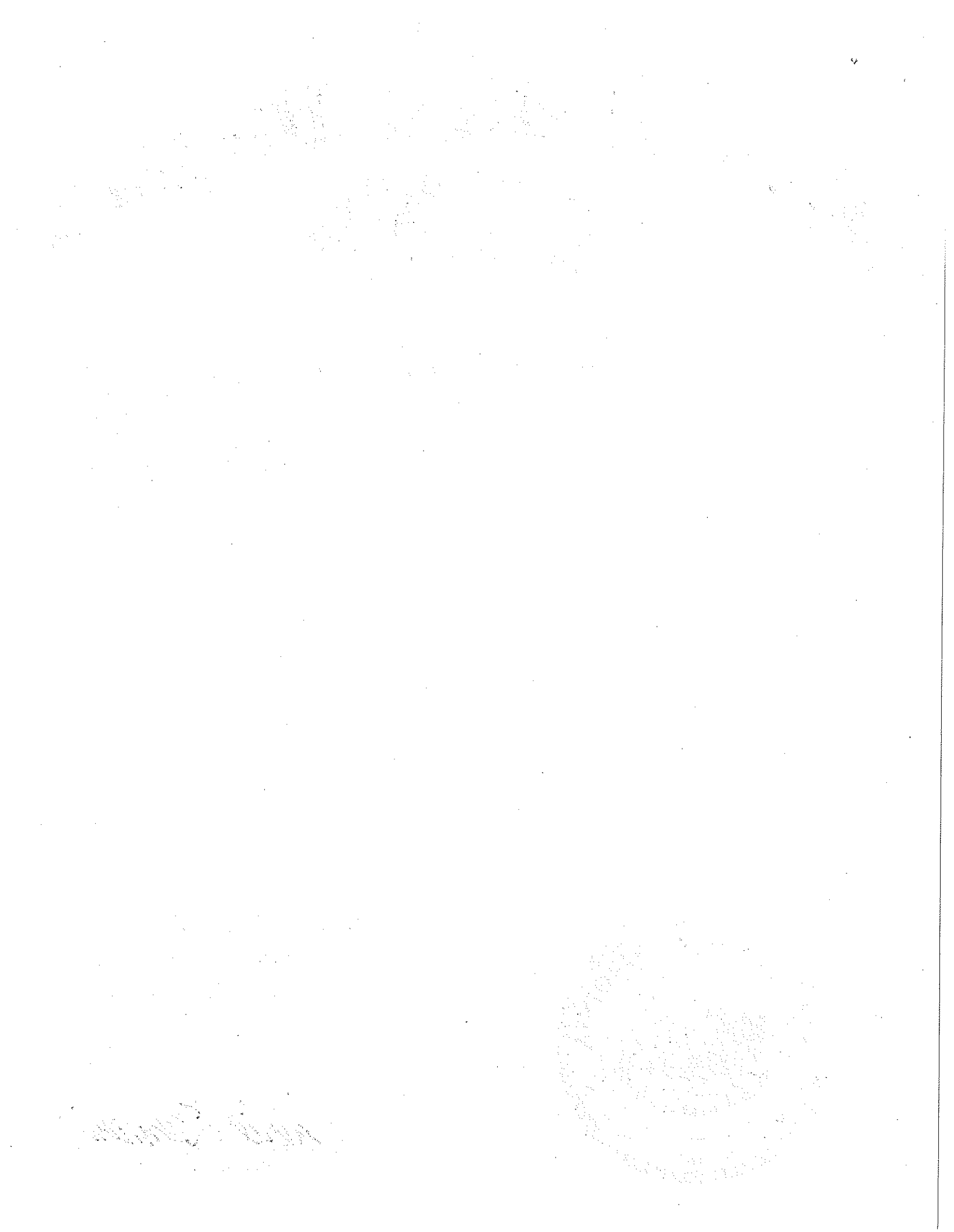
THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 20 OF THE 2009 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

November 20, 2009

Natalie E Tennant

Secretary of State



ARTICLE 20

COMBINED WATERWORKS AND SEWERAGE SYSTEMS

Part I—Combined Waterworks and Sewerage Systems Authorized; Definitions.

Section

8–20–1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.

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.

8–20–4. Publication of abstract of ordinance and notice; hearing.

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.

8–20–14. Repair and maintenance of municipal sewerage system outside corporate limits.

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.

8–20–19. Article to be liberally construed.

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, conve-

nient 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.

Acts 1939, c. 98, §§ 1, 2; Acts 1947, c. 112; Acts 1955, c. 131; Acts 1969, c. 86.

Cross References

Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8–12–3.
General powers of every municipality and its governing body, see § 8–12–5.

Library References

Key Numbers
Municipal Corporations ⇐708.
Waters and Water Courses ⇐183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias
C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

Notes of Decisions

New and annexed tracts 1

1. New and annexed tracts

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1)

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1)

Awarding sewer and water service rights in newly developed tract to city, rather than to sewer and water districts, could reasonably be expected to provide appropriate protection to the relevant public interests, both existing and foreseeable. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1)

§ 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

ing 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.

Acts 1976, c. 83; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⇐708.
Waters and Water Courses ⇐183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias
C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

§ 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.

Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

§ 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.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⇐708.
Waters and Water Courses ⇐183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

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 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 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.

Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Eminent Domain ⇐28, 32.
Westlaw Key Number Searches: 148k28; 148k32.

Encyclopedias
C.J.S. Eminent Domain §§ 38 to 39, 44 to 45.

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.

Acts 1939, c. 98, § 4; Acts 1947, c. 112; Acts 1949, c. 91; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⇐300.
Westlaw Key Number Search: 268k300.

Encyclopedias
C.J.S. Municipal Corporations § 991.

§ 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, 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.

Acts 1939, c. 98, § 5; Acts 1947, c. 112; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 103; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers
Municipal Corporations ⇐294(7).
Westlaw Key Number Search: 268k294(7).

Encyclopedias
C.J.S. Municipal Corporations § 981.

§ 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 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.

Acts 1939, c. 98, § 3; Acts 1947, c. 112; Acts 1957, c. 123; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⇐911, 922.
Taxation ⇐218.
Westlaw Key Number Searches: 268k911; 268k922; 371k218.

Encyclopedias

C.J.S. Municipal Corporations § 1649.
C.J.S. Taxation § 260.

§ 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.

Acts 1939, c. 98, § 6; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers	Encyclopedias
Municipal Corporations ⇐950(15).	C.J.S. Municipal Corporations §§ 1708 to 1709.
Westlaw Key Number Search: 268k950(15).	

§ 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 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 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.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers	Encyclopedias
Municipal Corporations ⇐950(15).	C.J.S. Municipal Corporations §§ 1708 to 1709.
Westlaw Key Number Search: 268k950(15).	

§ 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.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⇐950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 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.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⇐708.
Waters and Water Courses ⇐183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias
C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

§ 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 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.

Acts 1939, c. 98, § 7; Acts 1947, c. 112; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1990, c. 140; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⇐708.
Waters and Water Courses ⇐183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

Notes of Decisions

Tort liability 1

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1. Tort liability

A municipal ordinance that is enacted pursuant to the statutory power granted to municipalities to construct, operate, maintain, care for, and protect a sewer system, and that purports to limit, modify, or eliminate tort liabilities and immunities related to that sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Code, 8–20–10, 29–12A–5(a)(16). Calabrese v. City of Charleston, 1999, 515 S.E.2d 814, 204 W.Va. 650. Municipal Corporations ⇐ 70

§ 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 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.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Waters and Water Courses ⇐203(13).
Westlaw Key Number Search: 405k203(13).

Encyclopedias

C.J.S. Waters § 305.

§ 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.

Acts 2001, c. 212, eff. 90 days after April 14, 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.

Acts 1939, c. 98, § 9; Acts 1969, c. 86; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⇐951.
Westlaw Key Number Search: 268k951.

Encyclopedias

C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 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.

Acts 1939, c. 98, § 10; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⇐885.
Westlaw Key Number Search: 268k885.

Encyclopedias

C.J.S. Municipal Corporations § 1629.

§ 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 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.

Acts 1957, c. 127; Acts 1969, c. 86.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Key Numbers
Municipal Corporations ⇐708.
Westlaw Key Number Search: 268k708.

Encyclopedias
C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 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 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.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⇐955(1).
Westlaw Key Number Search: 268k955(1).

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.

Acts 1961, c. 106; Acts 1969, c. 86; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
United States ⇐82(2).
Westlaw Key Number Search: 393k82(2).

Encyclopedias
C.J.S. United States § 155.

§ 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.

Acts 1933, Ex. Sess., c. 26, § 13; Acts 1969, c. 86; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

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 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, 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.

Acts 1961, c. 104; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⇐708.
Waters and Water Courses ⇐183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

§ 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.

Acts 1933, Ex. Sess., c. 26, § 14; Acts 1969, c. 86.

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

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Chapters 8 to 10

2009
Cumulative Annual Pocket Part

Replacing 2008 Pocket Part supplementing 2002 Main Volume

Includes laws through the 2009 Second Extraordinary Session

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ARTICLE 20

COMBINED SYSTEMS

Part III—Revenue Bond Financing.

Section
8–20–10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; 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.

Part III—Revenue Bond Financing

§ 8–20–10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; 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)(1) The governing body of a municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all necessary rules for the repair, maintenance, operation and management of the combined system of the municipality and for the use thereof. The governing body of a municipality also has the plenary power and authority to make, enact and enforce all necessary rules and ordinances for the care and protection of any such system for the health, comfort and convenience of the public, to provide a clean water supply, to provide properly treated sewage insofar as it is reasonably possible to do and, if applicable, to properly collecting and controlling the stormwater as is reasonably possible to do: *Provided,* That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or storm water facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) A municipality has the plenary power and authority to charge the users for the use and service of a combined system and to establish required deposits, rates, fees or charges for such purpose. Separate deposits, 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 for the combined water and sewer services, and, if applicable, the storm water services. Such deposits, 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, an adequate depreciation fund and pay the principal and interest upon all revenue bonds issued under this article. Deposits, rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance. The rates, fees or charges shall be changed, from time to time as necessary, consistent with the provisions of this article.

(3) All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of one hundred dollars or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water and sewage service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, service may not be reconnected or reinstated by the municipality or governing body until another deposit equal to one hundred dollars or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate to be set by the Public Service Commission: *Provided,* That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality or governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may terminate water services to a delinquent user of either water or sewage facilities, or both, ten days after the water or sewage services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided,* That any termination of water service must comply with all rules and orders of the Public Service Commission.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided shall be delinquent and the municipality or governing body may apply any deposit against any delinquent fee. The user is liable 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. The municipality has the plenary power and authority to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and reasonable attorney's fees: *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 filing an action in magistrate court for 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 a civil action 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 has exhausted all other remedies for collection of debts with respect to such delinquencies prior to bringing the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency has been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought.

(f) Notwithstanding any other provision contained in this article, a municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such rules, regulations, fines or acts are not contrary to any rules or orders of the Public Service Commission.

(g) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the

violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct violation of the municipal stormwater ordinance or regulation, the municipality may correct or have the corrections of the violation made and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

(h) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1939, c. 98, § 7; Acts 1947, c. 112; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1990, c. 140; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2008, c. 202, eff. March 8, 2008.

ARTICLE 21

BOARD OF PARK AND RECREATION COMMISSIONERS

Part I—Establishment; Organization.

Section
8–21–3. Members; quorum; qualifications; election or appointment; terms; disqualification.

PART I—ESTABLISHMENT; ORGANIZATION

§ 8–21–2. Board a public corporate body; perpetual existence; seal; name; powers

Notes of Decisions

2. Powers and duties of boards, generally

It is unnecessary for a public corporate body to obtain a corporate charter from the office of the Secretary of State; a private corporation cannot exercise the powers of a public corporate body. 55 W.Va. Op.Atty.Gen. 214 (February 13, 1974) 1974 WL 174275.

§ 8–21–3. Members; quorum; qualifications; election or appointment; terms; disqualification

The board shall consist of not less than three nor more than seven members as may be provided by charter provision or ordinance, a majority of whom shall constitute a quorum for the transaction of business, except as hereinafter in this article provided. Each member of the board must be a resident and freeholder of the city. It may be provided either by charter provision or by ordinance for the appointment of the members thereof by the governing body, but unless and until such provision is made, the members of the board shall be elected by the qualified voters of the city at appropriate regular municipal elections. Membership on the governing body may not disqualify any member for election to the board. If provision is made for the appointment of members as aforesaid and the board consists of three or four members, one member of the governing body, if otherwise qualified, may be appointed by the governing body; if the board consists of five members not more than two members of the governing body so qualified may be so appointed and if the board consists of six or seven members not more than three members of the governing body so qualified may be so appointed. The term of the board membership of any member of the governing body so appointed shall continue during his or her term as a member of the governing body and until his or her successor is appointed or elected and qualified. The terms of other appointed or of elected members shall be for six years, and until their successors have been duly appointed or elected and qualified: *Provided*, That notwithstanding the fact that there be no charter provision or ordinance for appointment of the members of the board, the governing body of

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

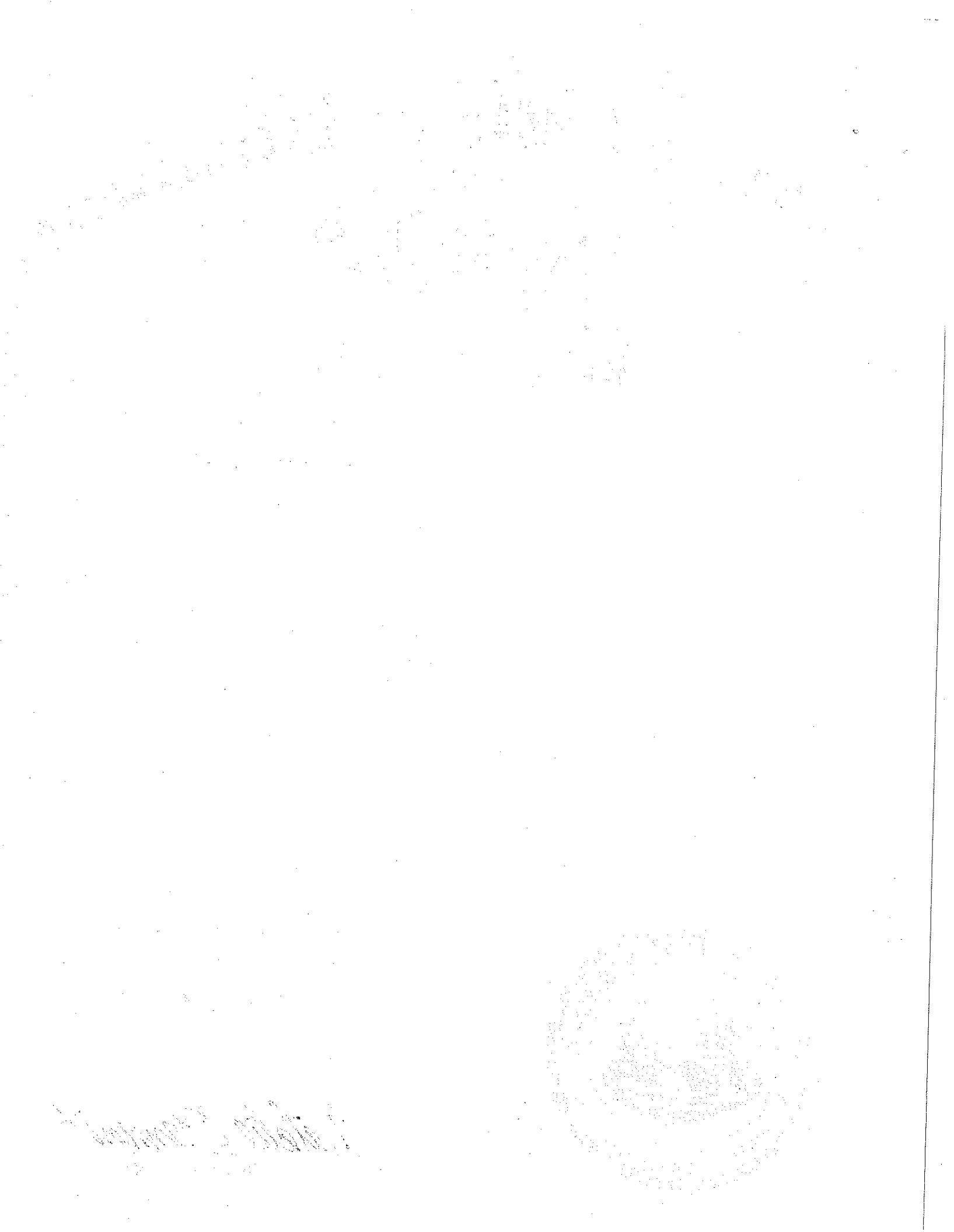
THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 2E OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

November 20, 2009

Natalie E. Tennant

Secretary of State



ARTICLE 2E

REVENUE BOND REFUNDING ACT

Section

13–2E–1. How article cited.
13–2E–2. Definitions.
13–2E–3. Authority to refund.
13–2E–4. Terms, form and execution of refunding bonds.
13–2E–5. Issuance of refunding bonds; application of proceeds.
13–2E–6. Determination of governing body to be conclusive.
13–2E–7. Authorization for issuance.
13–2E–8. Authority for escrow agreement.
13–2E–9. Call of revenue bonds for redemption.
13–2E–10. Security provisions.
13–2E–11. Bonds payable solely from revenues of enterprise.
13–2E–12. Tax exemption; exceptions.
13–2E–13. Validity of bonds.
13–2E–14. Article complete authority for refunding bonds; effect on other laws; liberal construction.
13–2E–15. Severability.

§ 13–2E–1. How article cited

This article may be cited as "Revenue Bond Refunding Act."

Acts 1969, c. 12.

§ 13–2E–2. Definitions

The following terms or words, wherever used or referred to in this article, shall have the following meaning, unless a different meaning plainly appears from the context:

The term "public body" means any city, town, village, county, public service district, sanitary district, political subdivision or any other similar public entity now or hereafter created, and the state of West Virginia acting through any of its agencies, boards, commissions or departments, having power to issue revenue bonds.

The term "governing body" means a board, council or other body having power to borrow money on behalf of a public body.

The term "law" means any act or statutes, general, special or local, of this state, including, without being limited to, the charter of any public body.

The term "enterprise" means any work, undertaking, or project which the public body is or may hereafter be authorized to acquire or construct and from which the public body has heretofore derived or may hereafter derive revenues, for the refinancing of which enterprise refunding bonds are issued under this article, and such enterprise shall include all improvements, betterments, extensions and replacements thereto, and all appurtenances, facilities, lands, rights in land, water rights, franchises, and structures in connection therewith or incidental thereto; and for the purposes of this article "enterprise" includes the

waterworks system or the sewerage system, or both said systems, resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b, article twenty, chapter eight of this code, all as the governing body shall authorize in the ordinance authorizing said severance.

The term "revenues" means all fees, tolls, rates, rentals and charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the public body from the operation of any enterprise or arising from any enterprise, and including earnings derived from investments and bank deposits.

The term "revenue bonds" means notes, bonds, certificates or other obligations of a public body heretofore or hereafter issued and outstanding under any law and which by their terms are payable from the revenues derived by such public body from the operation of an enterprise.

The term "refunding bonds" means notes, bonds, certificates or other obligations of a public body issued pursuant to this article.

The term "holder of bonds" or "bondholder" or any similar term means any person who shall be the bearer of any outstanding refunding bond or refunding bonds registered to bearer or not registered, or the registered owner of any such outstanding refunding bond or refunding bonds which shall at the time be registered other than to bearer.

The words "net interest cost" when referring to an outstanding issue of revenue bonds to be refunded, means the total amount of interest which would accrue on such revenue bonds from the date of the refunding bonds to the respective maturity dates of the outstanding revenue bonds to be refunded, without regard to any retained options of redemption.

The words "net interest cost" when referring to a proposed issue of refunding bonds, means the total amount of interest to accrue on the refunding bonds from their date to their respective maturities, without regard to any retained options of redemption, plus the amount of any discount below par or less the amount of any premium above par at which the bonds may be sold.

The words "net effective interest rate" when referring to a proposed issue of refunding bonds, means the net interest cost of said refunding bonds divided by the product obtained by multiplying the aggregate principal amount of such refunding bonds maturing on each maturity date by the number of years from the date of the refunding bonds to their respective maturities, without regard to any retained options of redemption.

The term "certified public accountant" means an independent certified public accountant or firm of certified public accountants licensed to practice in this state.

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

Acts 1969, c. 12; Acts 1986, c. 118.

§ 13–2E–3. Authority to refund

Any public body may issue refunding bonds for the purpose of refunding all or any part of its revenue bonds now or hereafter outstanding, whether or not such revenue bonds are at the time of the refunding due or optional for redemption, under the circumstances and restrictions set forth in this article. Refunding bonds shall be payable from revenues derived from the same enterprise as the revenue bonds to be refunded except where the public body has outstanding revenue bonds payable from the revenues of an enterprise and is authorized under any other law to combine and consolidate such enterprise with another enterprise and issue revenue bonds payable from the revenues of the combined and consolidated enterprises. An issue of refunding bonds may refund part or all of one or more issues of outstanding revenue bonds: Provided, That part or all of two or more issues of outstanding revenue bonds may not be refunded under this article unless either (a) all of the issues of outstanding revenue bonds to be refunded are payable from revenues derived from the same enterprise, or (b) the public body is authorized under any other law to combine or consolidate the enterprises in question and issue revenue bonds payable from the revenues of the combined or consolidated enterprises.

Refunding bonds may be issued hereunder whenever the governing body of the public body deems it expedient and, notwithstanding any provision in this article to the contrary, may be issued as part of a series of revenue bonds issued for the purpose, in addition to such refunding, of financing the acquisition or construction of improvements, betterments, extensions or replacements to the particular enterprise, as provided by other articles of this Code.

Acts 1969, c. 12; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers

Counties ⇐175.
Municipal Corporations ⇐913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13–2E–4. Terms, form and execution of refunding bonds

Refunding bonds authorized under this article may be issued in one or more series; may bear such date or dates; may mature at such time or times, not exceeding the period of usefulness of the enterprise, as determined by the governing body in its discretion, not exceeding forty years from their respective dates; may bear interest at such rate or rates; 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 or become due before the maturity date; 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 determined by the governing body

in the proceedings authorizing the refunding bonds. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all refunding bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

Acts 1969, c. 12; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers

Counties ⇐175.
Municipal Corporations ⇐913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13–2E–5. Issuance of refunding bonds; application of proceeds

Refunding bonds issued under this article may be exchanged for not less than a like principal amount of the revenue bonds to be refunded, or may be sold at public or private sale, or may be exchanged in part and sold in part, in such manner and upon such terms as may be determined by the governing body to be for the best interests of the public body: Provided, That such refunding bonds shall not be sold or exchanged at a price lower than a price which will show a net saving to the issuer after deducting all expenses of the refunding: Provided, however, That if the governing body determines that one of the purposes of issuing such refunding bonds is to effect the release, termination or modification of liens, restrictions, conditions or limitations imposed in connection with the bonds which are to be refunded, then such refunding bonds may be issued without the necessity of showing a net saving to the issuer, in which event such refunding bonds shall bear interest at such rate or rates as the governing body may determine, but such rate or rates shall not exceed the maximum stated rate of interest which the revenue bonds to be refunded thereby could bear if they were being issued as of the date of issuance of such refunding bonds, and such refunding bonds may not be sold or exchanged at a price which would result in a net interest cost in excess of the maximum net interest cost which the revenue bonds to be refunded could be sold or exchanged for if they were being issued as of the date of issuance of such refunding bonds.

If any such refunding bonds are to be sold, they may be issued in such principal amount as may be determined advisable by the governing body including, without limitation, the aggregate principal amount of the revenue bonds to be refunded, interest accrued and to accrue to the date or dates on which the revenue bonds being refunded are scheduled to mature or to be redeemed prior to maturity, any redemption premiums which must be paid in order to refund such outstanding revenue bonds and any costs and expenses of issuing the refunding bonds and providing for retirement of revenue bonds to be refunded. If sold, the net proceeds shall either be immediately applied to the payment or redemption and retirement of the revenue bonds to be refunded, or the net proceeds of the refunding bonds may be invested at the discretion and under the supervision of the escrow agent in whole, or in part, (a) in direct

obligations issued by the United States of America or one of its agencies, (b) in obligations unconditionally guaranteed by the United States of America as to principal and interest, or (c) in certificates of deposit of a banking corporation or association which is a member of the federal deposit insurance corporation, or successor; but any such certificates of deposit must be fully secured as to both principal and interest by pledged collateral consisting of direct obligations of or obligations guaranteed by the United States of America having a market value, excluding accrued interest, at all times at least equal to the amount of the principal of an accrued interest on such certificates of deposit. Any such investments must mature, or be payable in advance of maturity at the option of the holder, and must bear interest in such manner as to provide funds which, together with uninvested money placed in the hereinafter mentioned escrow, will be sufficient to pay when due or called for redemption the revenue bonds refunded, together with interest accrued and to accrue thereon and redemption premiums, if any, and such refunding bond proceeds or obligations so purchased therewith shall, and with other funds legally available to the public body for such purpose may, be deposited in escrow with the West Virginia municipal bond commission or 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, to be selected by the issuer to be held in trust for the payment and redemption of the revenue bonds refunded, and such money and obligations and any reinvestment thereof shall be held in trust by such escrow agent for the payment of interest on the refunded bonds when due, and principal thereof and applicable redemption premiums, if any, when due, or upon the date or dates for which they shall have been called for redemption, or upon an earlier voluntary surrender at the option of the escrow agent; provided if interest earned by any investment in such escrow is shown to be in excess of the amounts required from time to time for the payment of interest on and principal of the refunded revenue bonds, including applicable redemption premium, then such excess may be withdrawn from escrow and disbursed by the public body as are other revenues of the enterprise. Any moneys in the sinking or reserve funds or other funds maintained for the outstanding revenue bonds to be refunded may be applied in the same manner and for the same purpose as are the net proceeds of refunding bonds or may be deposited in the special fund or any reserve funds established for account of the refunding bonds. The term "net proceeds" as used above shall mean the gross proceeds of the refunding bonds after the deduction therefrom of all accrued interest, costs and expenses incurred in connection with the authorization and issuance of the refunding bonds and the retirement of the outstanding revenue bonds, and including all costs and expenses resulting from price variations to par or otherwise incurred in the purchase of obligations for escrow and in the disposition of the refunding bonds.

Acts 1969, c. 12; Acts 1973, c. 115; Acts 1986, c. 118.

Library References

Key Numbers
Counties ⇐183.
Municipal Corporations ⇐928.

Westlaw Key Number Searches: 104k183; 268k928. C.J.S. Municipal Corporations § 1699.

Encyclopedias
C.J.S. Counties § 222.

§ 13–2E–6. Determination of governing body to be conclusive

The determination by the governing body of any public body issuing refunding bonds under this article that the limitations herein imposed upon the issuance of refunding bonds have been met, shall be conclusive: Provided, however, That such public body shall have obtained from an independent certified public accountant a certification that the amount of saving stated to be achieved by the refunding shall in fact be served, based upon his review, comparison and analysis of the net interest cost in dollars of the refunding bonds and the net interest cost in dollars of the bonds to be refunded.

Acts 1969, c. 12.

§ 13–2E–7. Authorization for issuance

Refunding bonds and all acts required to be authorized hereunder shall be authorized in the manner in which the bonds to be refunded were authorized and issued: Provided, That refunding bonds of a system resulting from the severance of a combined municipal waterworks and sewerage system shall to the extent applicable be authorized and issued under the terms and provisions of law, including, but not limited to, interest rates and net interest costs, under which revenue bonds of such resulting system would be authorized and issued.

Acts 1969, c. 12; Acts 1986, c. 118.

Library References

Key Numbers
Counties ⇐175.
Municipal Corporations ⇐913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13–2E–8. Authority for escrow agreement

The governing body of any public body shall have power to enter into such escrow agreements and to insert therein such protective and other covenants and provisions as it may consider necessary to permit the carrying out of the provisions of this article and to insure the prompt payment of principal of and interest and redemption premiums on the revenue bonds refunded.

Acts 1969, c. 12.

§ 13–2E–9. Call of revenue bonds for redemption

Where any revenue bonds to be refunded are not to be surrendered for exchange or payment and are not to be paid at maturity with escrowed obligations, but are to be paid from such source prior to maturity pursuant to call for redemption exercised under a right of redemption reserved in such revenue bonds, the governing body of the public body shall, prior to the

issuance of the refunding bonds, determine which redemption date or dates shall be used, call such revenue bonds for redemption and provide for the giving of the notice of redemption required by the proceedings authorizing such revenue bonds. Where such notice is to be given at a time subsequent to the issuance of the refunding bonds, the necessary notices may be deposited with the state sinking fund commission or the bank acting as escrow agent of the refunding bond proceeds and the escrow agent appropriately instructed and authorized to give the required notices at the prescribed time or times. If any officer of the public body signing any such notice shall no longer be in office at the time of the utilization of the notice, the notice shall nevertheless be valid and effective for its intended purpose.

Acts 1969, c. 12.

Library References

Key Numbers

Counties ⇐187.
Municipal Corporations ⇐951.
Westlaw Key Number Searches: 104k187; 268k951.

Encyclopedias

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 13–2E–10. Security provisions

Refunding bonds shall be special obligations of the public body and shall be payable solely from and secured by a lien upon the gross revenues or net revenues of the enterprise, as shall be more fully described in the ordinance or resolution authorizing the issuance of refunding bonds, and the ordinance or resolution authorizing such refunding bonds shall provide for a special fund into which there shall be pledged a fixed amount or a fixed proportion of such revenues which shall be sufficient to pay the principal of and interest on the refunding bonds as the same become due.

In order to assure payment of the principal and interest on any refunding bonds it shall be the duty of the governing body of the public body to establish, levy, maintain and collect such fees, tolls, rentals, rates and other charges for the services of such enterprise as shall be necessary to produce revenues sufficient, after making due and reasonable allowance for contingencies and for a margin of error in estimates, to pay at all times principal of and interest on the refunding bonds as the same become due, to pay current expenses of operation and maintenance, to provide for depreciation, to provide for reserves for any of the foregoing, to comply in all respects with any contract or agreement with bondholders set forth in the ordinance or resolution authorizing such refunding bonds, and to meet any other obligations of the public body which by their terms are charges, liens, or encumbrances upon the revenues of such enterprise.

The ordinance or resolution authorizing any refunding bonds may contain such covenants with the holders of the refunding bonds as to the efficient management and operation of the enterprise; the collection, keeping and disposition of the revenues of the enterprise; the issuance of additional refunding bonds or revenue bonds; the carrying of insurance on such enterprise and

the disposition of insurance proceeds; the keeping of books and records and the auditing thereof; the inspection by bondholders at reasonable times of the enterprise and the records, accounts and data of the public body relating thereto; limitations upon the sale or other disposition of integral parts of the enterprise; the discontinuance of the services and facilities of the enterprise upon failure to pay for such services and facilities; the appointment and duties of a trustee; the rights, liabilities, powers and duties arising upon the breach by the public body of any covenants, conditions or obligations contained in the ordinance or resolution authorizing the issuance of such refunding bonds; remedies of bondholders upon default in the payment of the principal of or interest on any refunding bonds, including the appointment by a court of competent jurisdiction of a receiver for the operation and management of the enterprise and the collection and disbursement of the revenues thereof, but such receiver or any court having jurisdiction in the matter shall not be permitted to sell, mortgage or otherwise dispose of any assets of the enterprise and useful in its operation or cause any of such assets to be sold, mortgaged or otherwise disposed of; and any other conditions, acts or pertinent matters as may be deemed necessary or proper by the governing body of the public body to assure efficient operation of the enterprise, payment of the refunding bonds and marketability of the refunding bonds upon favorable terms. Any agreement or covenant contained in the ordinance or resolution authorizing such refunding bonds shall constitute a contract with the holders of such refunding bonds.

All refunding bonds of the same issue shall be equally and ratably secured, without priority by reason of number, date or time of sale, execution or delivery, by a lien upon the revenues of the enterprise in accordance with the provisions of this section and the ordinance or resolution authorizing the issuance of such refunding bonds.

Nothing in this section or in any other section of this article shall be deemed in any way to alter the terms of any agreements made with the holders of any outstanding revenue bonds of the public body, or to authorize the public body to alter the terms of any such agreements, or to impair, or authorize the public body to impair, the rights and remedies of any creditors of the public body.

Nothing in this section or in any other section of this article shall be deemed in any way to authorize any public body to do anything in any manner or for any purpose which would result in the creation or incurring of a debt or indebtedness or the issuance of any instrument which would constitute a bond or debt within the meaning of any provision, limitation, or restriction of the Constitution relating to the creation or incurring of a debt or indebtedness or the issuance of an instrument constituting a bond or a debt.

Acts 1969, c. 12.

Library References

Key Numbers
Counties ⇐181.
Municipal Corporations ⇐919.

Westlaw Key Number Searches: 104k181; 268k919.

Encyclopedias
C.J.S. Counties § 221.
C.J.S. Municipal Corporations § 1661.

§ 13–2E–11. Bonds payable solely from revenues of enterprise

No recourse shall be had for the payment of the refunding bonds, or interest thereon, or any part thereof, against the general fund of any public body, nor shall the credit or taxing power of any public body be deemed to be pledged thereto.

The refunding bonds, and interest thereon, shall not be a debt of the public body, nor a charge, lien or encumbrance, legal or equitable, upon any property of the public body, nor upon any income, receipts, or revenues of the public body other than such of the revenues of the enterprise as shall have been pledged to the payment thereof, and every refunding bond shall recite in substance that said bond, including interest thereon, is payable solely from the revenues pledged to the payment thereof and that the public body is under no obligation to pay the same, except from said revenues.

Acts 1969, c. 12.

Library References

Key Numbers
Counties ⇐187.
Municipal Corporations ⇐950(15).
Westlaw Key Number Searches: 104k187; 268k950(15).

Encyclopedias
C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 13–2E–12. Tax exemption; exceptions

The refunding bonds and the income therefrom shall be exempt from taxation, except inheritance, estate and transfer taxes.

Acts 1969, c. 12.

Library References

Key Numbers
Taxation ⇐218.
Westlaw Key Number Search: 371k218.

Encyclopedias
C.J.S. Taxation § 260.

§ 13–2E–13. Validity of bonds

Refunding bonds bearing the signatures of officers of the public body in office on the date of the signing thereof shall be valid and binding obligations of the public body for all purposes, notwithstanding that before the delivery thereof any or all the persons whose signatures appear thereon shall have ceased to be officers of the public body, the same as if such persons had continued to be officers of the public body until after the delivery thereof. The ordinance or resolution authorizing any refunding bonds may provide that such refunding bond may contain a recital that such refunding bond is issued pursuant to this article, and any refunding bond containing such recital under authority of any such ordinance or resolution shall be conclusively deemed to be valid and to have been issued in conformity with the provisions of this article.

Where any refunding bonds have been heretofore authorized by any public body which would have been valid under and in compliance with the provisions of this article had this article been in existence at the time of the authorization of such refunding bonds, such refunding bonds if heretofore issued, and if not yet issued then such refunding bonds when they shall have been issued, and the proceedings authorizing their issuance, are hereby validated, ratified and confirmed and declared to be binding and enforceable obligations in accordance with their terms.

Acts 1969, c. 12.

Library References

Key Numbers
Counties ⇐183(2).
Municipal Corporations ⇐931.
Westlaw Key Number Searches: 104k183(2); 268k931.

Encyclopedias
C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1694.

§ 13–2E–14. Article complete authority for refunding bonds; effect on other laws; liberal construction

This article constitutes full and complete authority for the issuance of refunding bonds. No procedure or proceedings, publications, notices, consents, approvals, orders, acts or things by any governing body of any public body, or any board, officer, commission, department, agency, or instrumentality of the State or any public body shall be required to issue any refunding bonds or to do any act or perform anything under this article, except as may be prescribed in this article. The powers conferred by this article shall be in addition and supplemental to, and not in substitution for, and the limitations imposed by this article shall not affect, the powers conferred by any other law. This article is remedial in nature and shall be liberally construed.

Acts 1969, c. 12.

§ 13–2E–15. Severability

If any one or more provisions of this article or the applicability thereof to any persons or circumstances are ever held by a final decision of a court of competent jurisdiction to be invalid, such invalidity shall not affect any other provision or provisions, application or applications of this article, and to this end, the provisions of this article are declared to be severable.

Acts 1969, c. 12.

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information
304.353.8196 - Telephone
304.353.8181 - Facsimile
john.stump@steptoe-johnson.com

December 1, 2009

THE CITY OF CHARLES TOWN
(West Virginia)
Combined Waterworks and Sewerage System Refunding Revenue Bonds
Series 2009 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked as the "Acknowledgement Copy" to me (after acknowledging receipt of the same) in the enclosed stamped, self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards,

Very truly yours,

John C. Stump

JCS/rhp
Enclosures

12/01/2009
144220.00023

TERRALEX®
The Worldwide Network of Independent Law Firms

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) **101 East Washington Street**	Room/suite 4 Report number **3 2009-01**
5	City, town, or post office, state, and ZIP code **Charles Town, WV 25414**	6 Date of issue **12/01/09**
7	Name of issue **Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A**	8 CUSIP number **160028 CN4**
9	Name and title of officer or legal representative whom the IRS may call for more information **Jane Arnett, Utility Board 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	
16	☐ Housing	16	
17	☑ Utilities	17	7,084,557
18	☐ Other. Describe ▶	18	
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	October 1, 2028	$ 7,084,557	$ 7,120,000	10.132 years	4.4568 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	7,084,557
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	189,600		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	657,043		
27	Proceeds used to currently refund prior issues	27	6,237,914		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	7,084,557
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	-0-

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 ▶	**10.400** 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 ▶	**January 4, 2009**
34	Enter the date(s) the refunded bonds were issued ▶	**June 2, 1998**

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	N/A
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	N/A
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	N/A

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.

Peggy A Smith 12-1-09

Signature of issuer's authorized representative — Date — **Peggy A Smith, Mayor** — Type or print name and title

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

NEW ISSUE REPORT FORM

Date of Report: 12/1/2009

ISSUE: City of Charles Town
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt)

ADDRESS: 101 East Washington Street, Charles Town, WV 25414 COUNTY: Jefferson

PURPOSE OF ISSUE:
New Money: ____
Refunding: X

REFUNDS ISSUE(S) DATED: 6/2/1998

ISSUE DATE: 12/1/2009 CLOSING DATE: 12/1/2009

ISSUE AMOUNT: $7,120,000 RATE: 2.0 % to 5.0 %

1ST DEBT SERVICE DUE: 4/1/2010 1ST PRINCIPAL DUE 10/1/2010

1ST DEBT SERVICE AMOUNT $95,382.50 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John C. Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: United Bank, Inc.
Contact: Kathy Smith, Vice President
Phone: 304.348.8427

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Jane Arnett, CPA
Position: Utility Board Manager
Phone: 304.725.2311 ext. 10

OTHER:
Underwriter- Crews & Associates, Inc.
Contact: Greg Isaacs
Position: Vice- President
Phone: 304.344.1733

DEPOSITS TO MBC AT CLOSE

By:				
X	Wire		Accrued Interest:	$
	Check		Capitalized Interest:	$
		X	Reserve Account:	$ 657,042.50
		X	Other:	$ $6,238,923.00
			(Series 1998 Bonds Sinking Fund)	

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:				
	Wire		To Escrow Trustee	$
	Check		To Issuer	$
	IGT		To Cons. Invest. Fun	$
			To Other:	$

NOTES: The Series 2009 A Bonds Reserve Fund will be fully funded at closing.
A Series 2009 A Bonds Sinking Fund must be established for purposes of making debt service payments to the registered owners of the Series 2009 A Bonds.
MBC must transfer Redemption Price to Registrar prior to Redemption Date pursuant to Prepayment Agreemen

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

ON FILE WITH ISSUER

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

December 1, 2009

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009 A
(Tax-Exempt)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of J.C. Kunkle & Associates, a firm of independent certified public accountants and an opinion of Steptoe & Johnson PLLC, as bound counsel, stating that the coverage and parity requirements have been met (copy attached), the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A (Tax-Exempt), in the original aggregate principal amount of $7,120,000 (the "Bonds") by the City of Charles Town (the "Issuer"), under the terms of the bond ordinance authorizing the 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").

Carol A. Cummings
Authorized Representative

11/12/09
144220.00023

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

CHARLES TOWN, WV
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2009A

DTC FAST CLOSING
Tuesday, December 01, 2009

SOURCES:			
Par Amount		7,120,000.00	firm
Prior Issue DSR Funds		794,426.00	firm
Prior Issue Debt Service Funds		112,137.92	firm
Reoffering Premium/OID		(35,443.40)	firm
TOTAL SOURCES OF FUNDS		7,991,120.52	
USES:			
Deposit to Current Refunding Fund		7,143,530.44	firm
Deposit to Debt Service Reserve Fund		657,042.50	firm
Underwriters Discount		124,600.00	firm
Costs of Issuance:			
Bond Counsel - Steptoe & Johnson	35,000.00		
Underwriter's Counsel - Jackson Kelly	25,000.00		
Registrar/Miscellaneous	550.00		firm
Printing/Shipping - Westerfield Bonte	2,493.41		
MBC - Fee	1,187.05		firm
MBC - January Payout Fee	769.54		firm
Total Costs of Issuance		65,000.00	firm
Rounding		947.58	firm
TOTAL USES OF FUNDS		7,991,120.52	
		0.00	Balance Test

CONTACTS:

United Bank, Inc. (Registrar #2719)
Kathy.Smith@ubsi-wv.com
304-348-8427 Tel

Charles Town
Jane Arnett
304-725-2316

DTC
212-855-3752 Tel
212-855-3753 Tel
212-855-3754 Tel

BONY
Rosalyn.Davis@bnymellon.com
214-468-6411

WV Municipal Bond Commission
Sara Boardman
304-558-3971

Crews BD# 5158

WIRE INSTRUCTIONS: December 1, 2009

From: Crews & Associates, Inc.		⇨ To: WV Municipal Bond Commission	
Escrow Fund	6,236,966.52	Bank:	Branch Banking & Trust
New DSRF	657,042.50	City:	Charleston, WV
MBC Fees	1,956.59	ABA#:	051 5033 94
		Acct. Name:	State of West Virginia
		Account No.:	5270517317
Total Transfer:	6,895,965.61	GLA #:	Charles Town 2009A

From: Crews & Associates, Inc.		⇨ To: United Bank, Inc. (Depository Bank)	
Costs of Issuance	63,043.41	Bank:	United Bank, Inc. / Trust Department
Rounding	947.58	City:	Charleston, WV
		ABA#:	#051-900-395
		Acct. Name:	City of Charles Town
		Ref:	Series 2009A Bonds
Total Transfer:	63,990.99	Attn:	Kathy Smith

WIRE INSTRUCTIONS: January 1, 2010

From: WV Municipal Bond Commission		⇨ To: Bank of New York - escrow account	
Transfer Existing DSRF	794,426.00	Bank:	The Bank of New York
Transfer Existing Bond Fund	112,137.92	City:	Dallas
Transfer Escrow (from 12-01-09)	6,236,966.52	ABA#:	021 000 018
		GLA:	211065
		F/F/C:	TAS 428488
Total Transfer:	7,143,530.44	Ref:	Charles Town, WV refunding

OTHER INSTRUCTIONS:

Bank of New York ⇨
1 - Send Redemption Notice on 12-01-09
2 - Series 1998 Bonds Redeemed on 1-04-10

Crews & Associates, Inc. ⇨
1 - Copy Redemption Notice to Bond Insurer
2 - Copy Redemption Notice to Raymond James
3 - Copy Redemption Notice to EMMA
4 - Copy Redemption Notice to S&P Called Bond Records
5 - Copy Redemption Notice to DTC

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Sources & Uses

Dated 12/01/2009 | Delivered 12/01/2009

Sources Of Funds	
Par Amount of Bonds	$7,120,000.00
Transfers from Prior Issue DSR Funds	794,426.00
Transfers from Prior Issue Debt Service Funds	112,137.92
Original Issue Discount (OID)	(35,443.40)
Total Sources	**$7,991,120.52**

Uses Of Funds	
Deposit to Current Refunding Fund	7,143,530.44
Deposit to Debt Service Reserve Fund (DSRF)	657,042.50
Total Underwriter's Discount (1.750%)	124,600.00
Costs of Issuance	65,000.00
Rounding Amount	947.58
Total Uses	**$7,991,120.52**

Crews & Associates, Inc.
Capital Markets

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Sources & Uses

Dated 12/01/2009 | Delivered 12/01/2009

Sources Of Funds	
Par Amount of Bonds	$7,120,000.00
Transfers from Prior Issue DSR Funds	794,426.00
Transfers from Prior Issue Debt Service Funds	112,137.92
Original Issue Discount (OID)	(35,443.40)
Total Sources	**$7,991,120.52**

Uses Of Funds	
Deposit to Current Refunding Fund	7,143,530.44
Deposit to Debt Service Reserve Fund (DSRF)	657,042.50
Total Underwriter's Discount (1.750%)	124,600.00
Costs of Issuance	65,000.00
Rounding Amount	947.58
Total Uses	**$7,991,120.52**

Crews & Associates, Inc.
Capital Markets

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
10/01/2010	543,456.25	-	542,508.67	560,689.58	18,180.91
10/01/2011	645,047.50	-	645,047.50	667,637.50	22,590.00
10/01/2012	650,922.50	-	650,922.50	671,637.50	20,715.00
10/01/2013	649,522.50	-	649,522.50	669,637.50	20,115.00
10/01/2014	657,042.50	-	657,042.50	676,887.50	19,845.00
10/01/2015	538,102.50	-	538,102.50	561,937.50	23,835.00
10/01/2016	542,122.50	-	542,122.50	561,975.00	19,852.50
10/01/2017	534,962.50	-	534,962.50	556,225.00	21,262.50
10/01/2018	536,962.50	-	536,962.50	559,950.00	22,987.50
10/01/2019	538,362.50	-	538,362.50	557,625.00	19,262.50
10/01/2020	538,807.50	-	538,807.50	559,512.50	20,705.00
10/01/2021	533,267.50	-	533,267.50	555,350.00	22,082.50
10/01/2022	531,737.50	-	531,737.50	555,400.00	23,662.50
10/01/2023	543,962.50	-	543,962.50	564,400.00	20,437.50
10/01/2024	534,412.50	-	534,412.50	556,825.00	22,412.50
10/01/2025	534,293.76	-	534,293.76	553,462.50	19,168.74
10/01/2026	533,250.00	-	533,250.00	554,050.00	20,800.00
10/01/2027	369,500.00	-	369,500.00	393,325.00	23,825.00
10/01/2028	372,750.00	(657,042.50)	(284,292.50)	(399,738.50)	(115,446.00)
Total	**$10,328,485.01**	**(657,042.50)**	**$9,670,494.93**	**$9,936,788.58**	**$266,293.65**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	381,380.29
Effects of changes in DSR investments	(59,897.40)
Net PV Cashflow Savings @ 4.457%(Bond Yield)	321,482.89
Transfers from Prior Issue Debt Service Fund	(112,137.92)
Contingency or Rounding Amount	947.58
Net Present Value Benefit	$210,292.55
Net PV Benefit / $6,980,000 Refunded Principal	3.013%
Net PV Benefit / $7,120,000 Refunding Principal	2.954%

Refunding Bond Information

Refunding Dated Date	12/01/2009
Refunding Delivery Date	12/01/2009

Crews & Associates, Inc.

Capital Markets

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/01/2009	-	-	-	-	-
04/01/2010	-	-	95,382.50	95,382.50	-
10/01/2010	305,000.00	2.000%	143,073.75	448,073.75	543,456.25
04/01/2011	-	-	140,023.75	140,023.75	-
10/01/2011	365,000.00	2.500%	140,023.75	505,023.75	645,047.50
04/01/2012	-	-	135,461.25	135,461.25	-
10/01/2012	380,000.00	3.000%	135,461.25	515,461.25	650,922.50
04/01/2013	-	-	129,761.25	129,761.25	-
10/01/2013	390,000.00	3.200%	129,761.25	519,761.25	649,522.50
04/01/2014	-	-	123,521.25	123,521.25	-
10/01/2014	410,000.00	3.400%	123,521.25	533,521.25	657,042.50
04/01/2015	-	-	116,551.25	116,551.25	-
10/01/2015	305,000.00	3.600%	116,551.25	421,551.25	538,102.50
04/01/2016	-	-	111,061.25	111,061.25	-
10/01/2016	320,000.00	3.800%	111,061.25	431,061.25	542,122.50
04/01/2017	-	-	104,981.25	104,981.25	-
10/01/2017	325,000.00	4.000%	104,981.25	429,981.25	534,962.50
04/01/2018	-	-	98,481.25	98,481.25	-
10/01/2018	340,000.00	4.000%	98,481.25	438,481.25	536,962.50
04/01/2019	-	-	91,681.25	91,681.25	-
10/01/2019	355,000.00	4.100%	91,681.25	446,681.25	538,362.50
04/01/2020	-	-	84,403.75	84,403.75	-
10/01/2020	370,000.00	4.200%	84,403.75	454,403.75	538,807.50
04/01/2021	-	-	76,633.75	76,633.75	-
10/01/2021	380,000.00	4.350%	76,633.75	456,633.75	533,267.50
04/01/2022	-	-	68,368.75	68,368.75	-
10/01/2022	395,000.00	4.500%	68,368.75	463,368.75	531,737.50
04/01/2023	-	-	59,481.25	59,481.25	-
10/01/2023	425,000.00	4.600%	59,481.25	484,481.25	543,962.50
04/01/2024	-	-	49,706.25	49,706.25	-
10/01/2024	435,000.00	4.625%	49,706.25	484,706.25	534,412.50
04/01/2025	-	-	39,646.88	39,646.88	-
10/01/2025	455,000.00	4.625%	39,646.88	494,646.88	534,293.76
04/01/2026	-	-	29,125.00	29,125.00	-
10/01/2026	475,000.00	5.000%	29,125.00	504,125.00	533,250.00
04/01/2027	-	-	17,250.00	17,250.00	-
10/01/2027	335,000.00	5.000%	17,250.00	352,250.00	369,500.00
04/01/2028	-	-	8,875.00	8,875.00	-
10/01/2028	355,000.00	5.000%	8,875.00	363,875.00	372,750.00
Total	**$7,120,000.00**	-	**$3,208,485.01**	**$10,328,485.01**	-

Yield Statistics

Bond Year Dollars	$72,248.33
Average Life	10.147 Years
Average Coupon	4.4409121%
Net Interest Cost (NIC)	4.6624306%
True Interest Cost (TIC)	4.6865372%
Bond Yield for Arbitrage Purposes	4.4567715%
All Inclusive Cost (AIC)	4.8088725%

IRS Form 8038

Net Interest Cost	4.5193051%
Weighted Average Maturity	10.132 Years

Crews & Associates, Inc.

Capital Markets

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2010	Serial Coupon	2.000%	2.000%	305,000.00	100.000%	305,000.00
10/01/2011	Serial Coupon	2.500%	2.500%	365,000.00	100.000%	365,000.00
10/01/2012	Serial Coupon	3.000%	3.000%	380,000.00	100.000%	380,000.00
10/01/2013	Serial Coupon	3.200%	3.200%	390,000.00	100.000%	390,000.00
10/01/2014	Serial Coupon	3.400%	3.400%	410,000.00	100.000%	410,000.00
10/01/2015	Serial Coupon	3.600%	3.600%	305,000.00	100.000%	305,000.00
10/01/2016	Serial Coupon	3.800%	3.800%	320,000.00	100.000%	320,000.00
10/01/2017	Serial Coupon	4.000%	4.000%	325,000.00	100.000%	325,000.00
10/01/2018	Serial Coupon	4.000%	4.100%	340,000.00	99.260%	337,484.00
10/01/2019	Serial Coupon	4.100%	4.200%	355,000.00	99.196%	352,145.80
10/01/2020	Serial Coupon	4.200%	4.300%	370,000.00	99.136%	366,803.20
10/01/2021	Serial Coupon	4.350%	4.450%	380,000.00	99.082%	376,511.60
10/01/2022	Serial Coupon	4.500%	4.600%	395,000.00	99.033%	391,180.35
10/01/2023	Serial Coupon	4.600%	4.700%	425,000.00	98.985%	420,686.25
10/01/2025	Term 1 Coupon	4.625%	4.780%	890,000.00	98.286%	874,745.40
10/01/2028	Term 2 Coupon	5.000%	5.000%	1,165,000.00	100.000%	1,165,000.00
Total	-	-	-	**$7,120,000.00**	-	**$7,084,556.60**

Bid Information

Par Amount of Bonds	$7,120,000.00
Reoffering Premium or (Discount)	(35,443.40)
Gross Production	$7,084,556.60
Total Underwriter's Discount (1.750%)	$(124,600.00)
Bid (97.752%)	6,959,956.60
Total Purchase Price	$6,959,956.60
Bond Year Dollars	$72,248.33
Average Life	10.147 Years
Average Coupon	4.4409121%
Net Interest Cost (NIC)	4.6624306%
True Interest Cost (TIC)	4.6865372%

Crews & Associates, Inc.

Capital Markets

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Current Refunding Escrow

Date	Principal	Rate	Receipts	Disbursements	Cash Balance
12/01/2009	-	-	-	-	-
01/04/2010	7,143,530.44	-	7,143,530.44	7,143,530.44	-
Total	**$7,143,530.44**	-	**$7,143,530.44**	**$7,143,530.44**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	GIC
Default investment yield target	Unrestricted
Cost of Investments Purchased with Bond Proceeds	7,143,530.44
Total Cost of Investments	$7,143,530.44
Target Cost of Investments at bond yield	$7,114,725.10
Yield to Receipt	-3.96E-12
Yield for Arbitrage Purposes	4.4567715%

Final

$8,125,000.00

City of Charles Town WV

Combined Waterworks and Sewerage Sys Ref Rev 160028AV

Series 1998 AAA Insured

Debt Service To Maturity And To Call

Date	Refunded Bonds	Premium	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/01/2009	-	-	-	-	-	-	-	-
01/04/2010	6,980,000.00	69,800.00	93,730.44	7,143,530.44	-	-	-	-
04/01/2010	-	-	-	-	-	-	181,413.75	181,413.75
10/01/2010	-	-	-	-	310,000.00	4.900%	181,413.75	491,413.75
04/01/2011	-	-	-	-	-	-	173,818.75	173,818.75
10/01/2011	-	-	-	-	320,000.00	5.000%	173,818.75	493,818.75
04/01/2012	-	-	-	-	-	-	165,818.75	165,818.75
10/01/2012	-	-	-	-	340,000.00	5.000%	165,818.75	505,818.75
04/01/2013	-	-	-	-	-	-	157,318.75	157,318.75
10/01/2013	-	-	-	-	355,000.00	5.000%	157,318.75	512,318.75
04/01/2014	-	-	-	-	-	-	148,443.75	148,443.75
10/01/2014	-	-	-	-	380,000.00	5.250%	148,443.75	528,443.75
04/01/2015	-	-	-	-	-	-	138,468.75	138,468.75
10/01/2015	-	-	-	-	285,000.00	5.250%	138,468.75	423,468.75
04/01/2016	-	-	-	-	-	-	130,987.50	130,987.50
10/01/2016	-	-	-	-	300,000.00	5.250%	130,987.50	430,987.50
04/01/2017	-	-	-	-	-	-	123,112.50	123,112.50
10/01/2017	-	-	-	-	310,000.00	5.250%	123,112.50	433,112.50
04/01/2018	-	-	-	-	-	-	114,975.00	114,975.00
10/01/2018	-	-	-	-	330,000.00	5.250%	114,975.00	444,975.00
04/01/2019	-	-	-	-	-	-	106,312.50	106,312.50
10/01/2019	-	-	-	-	345,000.00	5.250%	106,312.50	451,312.50
04/01/2020	-	-	-	-	-	-	97,256.25	97,256.25
10/01/2020	-	-	-	-	365,000.00	5.250%	97,256.25	462,256.25
04/01/2021	-	-	-	-	-	-	87,675.00	87,675.00
10/01/2021	-	-	-	-	380,000.00	5.250%	87,675.00	467,675.00
04/01/2022	-	-	-	-	-	-	77,700.00	77,700.00
10/01/2022	-	-	-	-	400,000.00	5.250%	77,700.00	477,700.00
04/01/2023	-	-	-	-	-	-	67,200.00	67,200.00
10/01/2023	-	-	-	-	430,000.00	5.250%	67,200.00	497,200.00
04/01/2024	-	-	-	-	-	-	55,912.50	55,912.50
10/01/2024	-	-	-	-	445,000.00	5.250%	55,912.50	500,912.50
04/01/2025	-	-	-	-	-	-	44,231.25	44,231.25
10/01/2025	-	-	-	-	465,000.00	5.250%	44,231.25	509,231.25
04/01/2026	-	-	-	-	-	-	32,025.00	32,025.00
10/01/2026	-	-	-	-	490,000.00	5.250%	32,025.00	522,025.00
04/01/2027	-	-	-	-	-	-	19,162.50	19,162.50
10/01/2027	-	-	-	-	355,000.00	5.250%	19,162.50	374,162.50
04/01/2028	-	-	-	-	-	-	9,843.75	9,843.75
10/01/2028	-	-	-	-	375,000.00	5.250%	9,843.75	384,843.75
Total	**$6,980,000.00**	**$69,800.00**	**$93,730.44**	**$7,143,530.44**	**$6,980,000.00**	**-**	**$3,863,352.50**	**$10,843,352.50**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/01/2009
Average Life	10.400 Years
Average Coupon	5.2387298%
Weighted Average Maturity (Par Basis)	10.400 Years

Refunding Bond Information

Refunding Dated Date	12/01/2009
Refunding Delivery Date	12/01/2009

Crews & Associates, Inc.

Capital Markets

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 10/01/2005 | Delivered 10/01/2005							
Series1998	10/01/2010	Serial	Coupon	4.900%	310,000	01/04/2010	101.000%
Series1998	10/01/2011	Serial	Coupon	5.000%	320,000	01/04/2010	101.000%
Series1998	10/01/2012	Serial	Coupon	5.000%	340,000	01/04/2010	101.000%
Series1998	10/01/2013	Serial	Coupon	5.000%	355,000	01/04/2010	101.000%
Series1998	10/01/2014	Term 1	Coupon	5.250%	380,000	01/04/2010	101.000%
Series1998	10/01/2015	Term 1	Coupon	5.250%	285,000	01/04/2010	101.000%
Series1998	10/01/2016	Term 1	Coupon	5.250%	300,000	01/04/2010	101.000%
Series1998	10/01/2017	Term 1	Coupon	5.250%	310,000	01/04/2010	101.000%
Series1998	10/01/2018	Term 1	Coupon	5.250%	330,000	01/04/2010	101.000%
Series1998	10/01/2019	Term 2	Coupon	5.250%	345,000	01/04/2010	101.000%
Series1998	10/01/2020	Term 2	Coupon	5.250%	365,000	01/04/2010	101.000%
Series1998	10/01/2021	Term 2	Coupon	5.250%	380,000	01/04/2010	101.000%
Series1998	10/01/2022	Term 2	Coupon	5.250%	400,000	01/04/2010	101.000%
Series1998	10/01/2023	Term 2	Coupon	5.250%	430,000	01/04/2010	101.000%
Series1998	10/01/2024	Term 2	Coupon	5.250%	445,000	01/04/2010	101.000%
Series1998	10/01/2025	Term 2	Coupon	5.250%	465,000	01/04/2010	101.000%
Series1998	10/01/2026	Term 2	Coupon	5.250%	490,000	01/04/2010	101.000%
Series1998	10/01/2027	Term 2	Coupon	5.250%	355,000	01/04/2010	101.000%
Series1998	10/01/2028	Term 2	Coupon	5.250%	375,000	01/04/2010	101.000%
Subtotal	-			-	**$6,980,000**	-	-
Total	-			-	**$6,980,000**	-	-

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Proof Of Bond Yield @ 4.4567715%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/01/2009	-	1.0000000x	-	-
04/01/2010	95,382.50	0.9854146x	93,991.31	93,991.31
10/01/2010	448,073.75	0.9639344x	431,913.72	525,905.03
04/01/2011	140,023.75	0.9429225x	132,031.54	657,936.57
10/01/2011	505,023.75	0.9223686x	465,818.03	1,123,754.59
04/01/2012	135,461.25	0.9022627x	122,221.63	1,245,976.22
10/01/2012	515,461.25	0.8825950x	454,943.54	1,700,919.77
04/01/2013	129,761.25	0.8633561x	112,030.17	1,812,949.94
10/01/2013	519,761.25	0.8445366x	438,957.40	2,251,907.34
04/01/2014	123,521.25	0.8261273x	102,044.28	2,353,951.61
10/01/2014	533,521.25	0.8081193x	431,148.81	2,785,100.42
04/01/2015	116,551.25	0.7905038x	92,134.21	2,877,234.63
10/01/2015	421,551.25	0.7732723x	325,973.91	3,203,208.54
04/01/2016	111,061.25	0.7564164x	84,008.56	3,287,217.10
10/01/2016	431,061.25	0.7399280x	318,954.29	3,606,171.38
04/01/2017	104,981.25	0.7237990x	75,985.32	3,682,156.70
10/01/2017	429,981.25	0.7080215x	304,435.97	3,986,592.68
04/01/2018	98,481.25	0.6925880x	68,206.93	4,054,799.61
10/01/2018	438,481.25	0.6774909x	297,067.04	4,351,866.65
04/01/2019	91,681.25	0.6627228x	60,759.26	4,412,625.91
10/01/2019	446,681.25	0.6482767x	289,573.06	4,702,198.97
04/01/2020	84,403.75	0.6341455x	53,524.26	4,755,723.23
10/01/2020	454,403.75	0.6203224x	281,876.80	5,037,600.04
04/01/2021	76,633.75	0.6068005x	46,501.40	5,084,101.44
10/01/2021	456,633.75	0.5935734x	271,045.65	5,355,147.08
04/01/2022	68,368.75	0.5806346x	39,697.26	5,394,844.35
10/01/2022	463,368.75	0.5679779x	263,183.20	5,658,027.54
04/01/2023	59,481.25	0.5555970x	33,047.61	5,691,075.15
10/01/2023	484,481.25	0.5434861x	263,308.81	5,954,383.96
04/01/2024	49,706.25	0.5316391x	26,425.79	5,980,809.75
10/01/2024	484,706.25	0.5200504x	252,071.66	6,232,881.41
04/01/2025	39,646.88	0.5087143x	20,168.93	6,253,050.34
10/01/2025	494,646.88	0.4976252x	246,148.77	6,499,199.12
04/01/2026	29,125.00	0.4867780x	14,177.41	6,513,376.52
10/01/2026	504,125.00	0.4761671x	240,047.75	6,753,424.27
04/01/2027	17,250.00	0.4657876x	8,034.84	6,761,459.10
10/01/2027	352,250.00	0.4556343x	160,497.17	6,921,956.28
04/01/2028	8,875.00	0.4457023x	3,955.61	6,925,911.89
10/01/2028	363,875.00	0.4359868x	158,644.71	7,084,556.60
Total	**$10,328,485.01**	-	**$7,084,556.60**	-

Derivation Of Target Amount

Par Amount of Bonds	$7,120,000.00
Reoffering Premium or (Discount)	(35,443.40)
Original Issue Proceeds	$7,084,556.60

Crews & Associates, Inc.

Capital Markets

Final

$7,120,000.00

City of Charles Town WV

Combined Waterworks and Sewerage System Revenue Refunding

Refunding Series 1998 (Non Rated / Bank Qualified)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
12/01/2009	-	-	-	-	-
10/01/2010	305,000.00	100.000%	305,000.00	0.8333333x	254,166.67
10/01/2011	365,000.00	100.000%	365,000.00	1.8333333x	669,166.67
10/01/2012	380,000.00	100.000%	380,000.00	2.8333333x	1,076,666.67
10/01/2013	390,000.00	100.000%	390,000.00	3.8333333x	1,495,000.00
10/01/2014	410,000.00	100.000%	410,000.00	4.8333333x	1,981,666.67
10/01/2015	305,000.00	100.000%	305,000.00	5.8333333x	1,779,166.67
10/01/2016	320,000.00	100.000%	320,000.00	6.8333333x	2,186,666.67
10/01/2017	325,000.00	100.000%	325,000.00	7.8333333x	2,545,833.33
10/01/2018	340,000.00	99.260%	337,484.00	8.8333333x	2,981,108.67
10/01/2019	355,000.00	99.196%	352,145.80	9.8333333x	3,462,767.03
10/01/2020	370,000.00	99.136%	366,803.20	10.8333333x	3,973,701.33
10/01/2021	380,000.00	99.082%	376,511.60	11.8333333x	4,455,387.27
10/01/2022	395,000.00	99.033%	391,180.35	12.8333333x	5,020,147.83
10/01/2023	425,000.00	98.985%	420,686.25	13.8333333x	5,819,493.13
10/01/2024	435,000.00	98.286%	427,544.10	14.8333333x	6,341,904.15
10/01/2025	455,000.00	98.286%	447,201.30	15.8333333x	7,080,687.25
10/01/2026	475,000.00	100.000%	475,000.00	16.8333333x	7,995,833.33
10/01/2027	335,000.00	100.000%	335,000.00	17.8333333x	5,974,166.67