

**CITY OF CHARLES TOWN
(WEST VIRGINIA)**

**COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED)**

CONFORMED BOND ORDINANCE

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A-1 FORM OF SERIES 2015 B BONDS

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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 2009 A 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 2015 B OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$5,500,000; 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 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 2009 A (Tax-

Exempt), dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 (the "Series 2009 A Bonds");

WHEREAS, the Series 2009 A Bonds were issued to refund the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1988, dated May 15, 1988, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1998 Bonds"). The Series 1998 Bonds advance refunded the following as part of combining the water and sewer systems:

(i) Sewer Revenue Refunding Bonds, Series 1972, dated December 1, 1972, issued in the original aggregate principal amount of \$555,000 (the "Series 1972 Sewer Bonds") which refunded the Sewer Revenue Bonds, Series 1972, dated June 1, 1970, issued in the original aggregate principal amount of \$610,000;

(ii) Sewer Revenue Bonds, Series 1988 A, dated May 4, 1988, issued in the original aggregate principal amount of \$1,183,663 (the "Series 1988 A Sewer Bonds");

(iii) Water Revenue Bonds, Series 1961, dated April 1, 1961, issued in the original aggregate principal amount of \$525,000 (the "Series 1961 Water Bonds");

(iv) Water Refunding Revenue Bonds, Series 1977, dated April 1, 1977, issued in the original aggregate principal amount of \$1,315,000 (the "Series 1977 Water Bonds") which refunded the Water Revenue Bonds, Series 1975, dated April 1, 1975, issued in the original aggregate principal amount of \$1,210,000;

(v) Water Revenue Bonds, Series 1987 A, dated November 18, 1987, issued in the original aggregate principal amount of \$1,686,371 (the Series 1987 Water Bonds");

(vi) Water Revenue Bonds, Series 1988 A, dated May 20, 1988, issued in the original aggregate principal amount of \$2,232,000 (the Series 1988 A Water Bonds");

(vii) Water Revenue Bonds, Series 1989 A, dated April 13, 1989, issued in the original aggregate principal amount of \$792,520.01 (the Series 1989 A Water Bonds"); and

(viii) Municipal Lease-Purchase Agreement dated September 17, 1996, in the original amount of \$595,976 (the "Water Meter Lease").

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 2009 A Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2009 A Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, in the original aggregate principal amount of not more than \$5,500,000 (the "Series 2015 B Bonds"),

such Series 2015 B 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 2015 B 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 2015 B 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, if any, which shall insure all or any portion of the payment of principal of and interest on the Series 2015 B Bonds, the Series 2015 A Bonds or 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 2015 B Bonds, the Series 2015 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 2015 B Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 B BONDS, 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 2015 B 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 2015 B 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 2015 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2015 B 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 2015 B 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 2015 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 B 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 2015 B 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, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds (if not refinanced with the proceeds of the Series 2015 A Bonds, as hereinafter defined and described), Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds,

"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 2015 B 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 2015 B 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 2015 B Bonds are privately placed, the price paid by the first buyer of the Series 2015 B 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 2015 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds, the Series 2015 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 2015 B Bonds, the Series 2015 A Bonds and the Prior Bonds.

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

"Series 1987 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629.

"Series 1988 B-1 Bonds" means the Issuer's 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.

"Series 1988 B-2 Bonds" means the Issuer's 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.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480.

"Series 1998 Bonds" means the Issuer's 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.

"Series 2000 A Bonds" means the Issuer's 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.

"Series 2002 A Bonds" means the Issuer's 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.

"Series 2002 B Bonds" means the Issuer's 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.

"Series 2002 C Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000.

"Series 2009 A Bonds" means the Issuer's 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.

"Series 2010 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458.

“Series 2010 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000.

“Series 2010 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000.

“Series 2010 D Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000.

“Series 2011 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192.

"Series 2013 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977.

"Series 2013 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000.

“Series 2014 A Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900.

“Series 2014 C Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000.

“Series 2014 D Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000.

“Series 2014 E Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000.

“Series 2015 A Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, of the Issuer, to be issued contemporaneously with the Series 2015 B Bonds in the principal amount of not more than \$3,500,000, for the purpose of refinancing the Issuer’s Series 2002 C Bonds.

"Series 2015 A Ordinance" means the Ordinance of the Issuer enacted on August 17, 2015, as supplemented, authorizing the issuance of the Series 2015 A Bonds.

"Series 2015 B Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2015 B Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2015 B Bonds Redemption Account" means the Series 2015 B Bonds Redemption Account established in the Series 2015 B Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 B Bonds Reserve Account" means the Series 2015 B Bonds Reserve Account established in the Series 2015 B Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2015 B Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2015 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2015 B Bonds.

"Series 2015 B Bonds Sinking Fund" means the Series 2015 B Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2015 B Bonds, the Series 2015 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 2015 B Bonds and authorizing the sale of the Series 2015 B 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, the Series 2015 B Bonds or the Series 2015 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 2015 B 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 2009 A 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 2009 A Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of not more than \$5,500,000, in order to pay in full the

remaining principal balance of and all accrued interest on the Issuer's Series 2009 A Bonds. The proceeds of the Series 2015 B Bonds may also be applied to funding the Series 2015 B Bonds Reserve Account, the payment of the premium for a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 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 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 20, 2002, issued in the original aggregate principal amount of \$4,135,000 (if, for any reason, the Series 2015 A Bonds are not issued contemporaneously with the Series 2015 B Bonds and the Series 2002 C Bonds remain outstanding and have not been defeased as of the date of issuance of the Series 2015 B Bonds);

10. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");

11. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");

12. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");

13. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");

14. Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");

15. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013,

issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");

16. Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");

17. Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the "Series 2014 A Bonds");

18. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");

19. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds"); and

20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds").

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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 2015 B 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 2015 B 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, if required, of the Registered Owners of the Prior Bonds to the issuance of the Series 2015 B Bonds on a parity with the Prior

Bonds. The Series 2002 C Bonds and Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds do not require consent.

Other than the Prior Bonds and the Series 2015 A Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2015 B Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2015 B Bonds, the Series 2015 B Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Series 2015 A Bonds and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2015 B Bonds, the Series 2015 A Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2015 B Bonds, the Series 2015 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 2015 B Bonds, and secure the Series 2015 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2015 B Bonds Reserve Account, unexpended proceeds of the Series 2015 B Bonds and as further set forth herein.

J. The Series 2015 B Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2015 B BONDS, 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 2015 B 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 2015 B Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2015 B 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 2015 B Bonds, the refunding of the Series 2009 A Bonds or will have so complied prior to issuance of any thereof.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2015 B 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 2015 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2015 B Bond and any other Series 2015 B Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDINGS

Section 2.01. Authorization of Refundings. All Series 2009 A Bonds Outstanding as of the date of issuance of the Series 2015 B 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 2009 A Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 2009 A Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 2009 A Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2009 A Bonds. Contemporaneously with the payment in full of the Series 2009 A Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2009 A Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2015 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2015 B 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 2015 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 B 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 2015 B Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2015 B Bonds shall be in default, Series 2015 B Bonds issued in exchange for Series 2015 B Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2015 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bond in the principal amount of said Series 2015 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 B 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 2015 B Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2015 B 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 2015 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 B 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 2015 B Bonds, shall be conclusively deemed to have agreed that such Series 2015 B 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 2015 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 B Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bond is exercised, Series 2015 B Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2015 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 B Bonds, the initial exchange of Series 2015 B 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 2015 B 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 2015 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2009 A Bonds (along with other funds of the Issuer available therefor), paying the premium for a Municipal Bond Insurance Policy for the Series 2015 B Bonds, if determined to be financially advantageous to the Issuer, funding the Series 2015 B Bonds Reserve Account (or paying the premium for a Municipal Bond Debt Service Reserve Insurance Policy, if determined to be financially advantageous to the Issuer) and paying costs of issuance of the Series 2015 B Bonds and related costs, there shall be issued the Series 2015 B Bonds of the Issuer, in an aggregate principal amount of not more than \$5,500,000. The Series 2015 B Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" 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 2015 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2015 B 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 2015 B Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds. The Issuer shall execute and deliver the Series 2015 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 B 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 2015 B 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 2015 B Bonds to DTC for the benefit of the Original Purchaser;
- (3) Copies of this Ordinance and the Supplemental Parameters Resolution certified by the Clerk;
- (4) The unqualified approving opinions of Bond Counsel regarding the Series 2015 B Bonds; and
- (5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2015 B Bonds. The definitive Series 2015 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 B BONDS 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 2015 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 B 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 2015 B Bonds. Upon the issuance and delivery of the Series 2015 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2015 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 B Bonds Sinking Fund and applied to payment of interest on the Series 2015 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2015 B 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 2015 B Bonds Reserve Account.

3. An amount of the proceeds of the Series 2015 B Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2009 A Bonds as set forth in the Supplemental Resolution, less any monies available at the Bond Commission for payment of the Series 2009 A Bonds, shall be remitted to the Bond Commission to pay the Series 2009 A Bonds in full.

4. An amount of Series 2015 B Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2015 B 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 2015 B 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 2015 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 B Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 B 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 2015 B 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) Operation and Maintenance Fund (established by the Prior Ordinances);
- (3) Renewal and Replacement Fund (established by the Prior Ordinances);
- (4) Series 2015 B Bonds Costs of Issuance Fund; and
- (5) 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 1987 B Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 1987 B Bonds Reserve Account (established by Prior Ordinances);
- (3) Series 1988 B-1 Bonds Sinking Fund (established by Prior Ordinances);
- (4) Series 1988 B-1 Bonds Reserve Account (established by Prior Ordinances);
- (5) Series 1988 B-2 Bonds Sinking Fund (established by Prior Ordinances);
- (6) Series 1988 B-2 Bonds Reserve Account (established by Prior Ordinances);
- (7) Series 1989 B Bonds Sinking Fund (established by Prior Ordinances);
- (8) Series 1989 B Bonds Reserve Account (established by Prior Ordinances);
- (9) Series 1998 Bonds Sinking Fund (established by Prior Ordinances);
- (10) Series 1998 Bonds Reserve Account (established by Prior Ordinances);
- (11) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);
- (12) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);
- (13) Series 2002 A Bonds Sinking Fund (established by Prior Ordinances);
- (14) Series 2002 A Bonds Reserve Account (established by Prior Ordinances);
- (15) Series 2002 B Bonds Sinking Fund (established by Prior Ordinances);
- (16) Series 2002 B Bonds Reserve Account (established by Prior Ordinances);
- (17) Series 2002 C A Bonds Sinking Fund (if not defeased with proceeds of the Series 2015 A Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);
- (18) Series 2002 C Bonds Reserve Account (if not defeased with proceeds of the Series 2015 A Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);

- (19) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);
- (20) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);
- (21) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);
- (22) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);
- (23) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);
- (24) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);
- (25) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);
- (26) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);
- (27) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);
- (28) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);
- (30) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);
- (31) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);
- (32) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);
- (33) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);
- (34) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);
- (37) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);
- (38) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);
- (39) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);
- (40) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);

- (41) Series 2015 A Bonds Sinking Fund (unless the Series 2015 A Bonds are not issued contemporaneously herewith);
- (42) Series 2015 A Bonds Reserve Account (unless the Series 2015 A Bonds are not issued contemporaneously herewith);
- (43) Series 2015 B Bonds Sinking Fund; and
- (44) Series 2015 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2015 B 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 and the Series 2015 A Ordinance to pay the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 C Bonds (if not defeased), Series 2010 A Bonds, Series 2010 B Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds and Series 2015 A Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 B 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 2015 B 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 2015 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 B Bonds deposited therein, and subsequent amounts required to be

transferred from the Revenue Fund and deposited in the Series 2015 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 B 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 and the Series 2015 A Bonds the amounts required by the Prior Ordinances and the Series 2015 A Ordinance to pay the principal of the Prior Bonds and the Series 2015 A Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund and in the Series 2015 B 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 2015 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2015 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 B Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 B Bonds when the funds on deposit in the Series 2015 B 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 2015 B Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2015 B Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2015 B 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 2015 B 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 2015 B 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 respective Reserve Accounts of the Prior Bonds and the Series 2015 A Bonds the amounts required by the Prior Ordinances and the Series 2015 A Ordinance; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2015 B Bonds, if not fully funded upon issuance of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2015 B 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 2015 B Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2015 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 B Bonds Reserve Account below the Series 2015 B Bonds Reserve Requirement or any withdrawal from the Series 2015 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 B 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 2015 B Bonds Reserve Account is less than the Series 2015 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 B Bonds Reserve Account for deposit into the Series 2015 B 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 2015 B Bonds Reserve Account to an amount equal to the Series 2015 B Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2015

B 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 2015 B 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 2015 B Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2015 B Bonds Reserve Requirement.

Amounts in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 B Bonds when due, when amounts in the Series 2015 B 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 2.5% 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 and the Series 2015 A Ordinance, so long as the Prior Bonds and the Series 2015 A 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 any 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 2015 B Bonds, the Series 2015 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 2015 B Bonds in such manner and to such extent as may be necessary, so that such Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein and the unexpended proceeds of the Series 2015 B Bonds, all as herein provided. No Holder or Holders of the Series 2015 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2015 B Bonds or the interest thereon.

Section 6.03. Series 2015 B Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds and the Series 2015 A Bonds. The payment of the debt service of all of the Series 2015 B 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 and the Series 2015 A Bonds. 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 2015 A Bonds herein authorized, and to make the payments into the Series 2015 B Bonds Sinking Fund all moneys and securities in the Series 2015 B Bonds Sinking Fund, including the Series 2015 B 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, the Series 2015 B Bonds and the Series 2015 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 2015 B 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 2015 B Bonds, and all obligations issued on a parity with the Series 2015 B Bonds, including the Prior Bonds and the Series 2015 A 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 120 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 for the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances and the Series 2015 A Ordinance. Additionally, so long as the Series 2015 B 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 Outstanding, or to defease the pledge created by this Ordinance, the Prior Ordinances and the Series 2015 A Ordinance. 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 \$500,000, 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 \$500,000 but not in excess of \$5,000,000, 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 \$500,000 and not in excess of \$5,000,000, 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 \$5,000,000 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 2015 B 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 2015 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2015 B 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 and the Series 2015 A Ordinance 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 Series 2015 A Bonds or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 and Series 2015 A Bonds then Outstanding;
- (2) The Series 2015 B 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 2015 B Bonds, the Series 2015 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 2015 B 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 2015 B 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 2015 B Bonds, the Series 2015 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. 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 2015 B 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 2015 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' 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. WORKERS' 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 also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants.

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 ordinance 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds during the terms thereof is, under the terms of such Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 the Series 2015 A Bonds.

Section 6.18. RESERVED

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 2015 B 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 2015 A Bonds, the Prior Ordinances or the Series 2015 A Ordinance.

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;

(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

(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.

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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 B 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 2015 B Bonds, the first exchange of Series 2015 B Bonds and the exchange

of Series 2015 B 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 2015 B 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 2015 B Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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. 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 2015 B 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 2015 B 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 2015 B Bonds so authenticated, and, in case any Series 2015 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2015 B Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Bond Commission shall serve as Paying Agent. The Registrar and Depository Bank shall be designated by Supplemental Resolution. 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2015 B 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 2015 B 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 2015 B Bonds, provided that, in the event any of the Series 2015 B Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2015 B Bonds or the rights of the applicable Bond Insurer for such Series 2015 B 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 (i) the Registered Owners of 60% in aggregate principal amount of the Series 2015 B Bonds then Outstanding and affected thereby, or (ii) the Bond Insurer. 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 2015 B Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 B Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2015 B 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 2015 B Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2015 B 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 2015 B Bonds. All Series 2015 B 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 2015 B Bonds shall be deemed Outstanding under this Ordinance and no Series 2015 B Bonds shall be issued in lieu thereof. All such Series 2015 B 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 2015 B 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 2015 B Bonds which remain unclaimed for 1 year after the date on which such Series 2015 B 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 2015 B Bonds shall look only to the Issuer for the payment of such Series 2015 B Bonds.

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

PAYING AGENT:

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, West Virginia
Attention: Director

REGISTRAR:

[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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 and the Series 2015 A Ordinance shall remain in full force and effect so long as any of the Prior Bonds and the Series 2015 A 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 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.

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

First Reading: July 6, 2015

Second Reading: July 20, 2015

Passed on Final Reading
Following Public
Hearing: August 17, 2015

Enacted this 17th day of August, 2015.

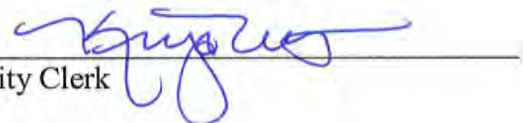
CITY OF CHARLES TOWN

[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 7:00 p.m., on August 17, 2015, 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: November 19, 2015.

[SEAL]

City Clerk



EXHIBIT A-1 – FORM OF SERIES 2015 B BONDS

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. BR-_____

\$ _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

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 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 2009 A Bonds, (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the repayment of principal of and interest on the Series 2015 B Bonds;] (iii) to fund the Series 2015 B Bonds Reserve Account [to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 A Reserve Account], and (ix) to pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015, (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:

<u>Period During Which Redeemed</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____ 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 () _____	<u>Principal Amount</u>
----------------	-------------------------

Bonds Maturing

Year () _____	<u>Principal Amount</u>
----------------	-------------------------

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 20, 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");

11. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");

12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");

13. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, [SERIES 2002 C BONDS], SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS

AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED _____, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2015 A BONDS").

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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 Series 2015 B Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 2009 A Bonds, [purchase a Municipal Bond Insurance Policy for the Series 2015 B Bonds], fund a reserve account, [purchase a Municipal Bond Debt Service Reserve Insurance Policy] for the Series 2015 B Bonds and pay costs of issuance of the Series 2015 B 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: _____, 20____.

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: _____, 20 ____.

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.

Refinance Series 2009 A Bonds

City of Charles Town

Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank-Qualified)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION RE-DESIGNATING THE PREVIOUSLY AUTHORIZED COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 C AS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B (BANK-QUALIFIED); PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B OF THE CITY OF CHARLES TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, A TAX COMPLIANCE POLICY, A CONTINUING DISCLOSURE POLICY, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND/OR MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY AND AMENDMENT AND/OR MODIFICATION OF THE ORDINANCE TO COMPLY THEREWITH; 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 August 17, 2015, an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER’S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A 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 2015 C OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$5,500,000; 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 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 above-described Ordinance when used herein;

WHEREAS, the above-described Ordinance provides for the issuance by the Issuer of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C (Tax-Exempt) in an aggregate principal amount not to exceed \$5,500,000; 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 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 the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 2009 A Bonds;

WHEREAS, the Issuer desires to redesignate the bonds approved in the above-described Ordinance as "Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified)" and hereby does authorize and approve all amendments and modifications to the above-described Ordinance to reflect such re-designation, as reflected on "EXHIBIT A" attached hereto, and such amended and modified Ordinance is hereinafter referred to as the "Series 2015 B Ordinance."

WHEREAS, the Series 2015 B Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2015 B 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 a Prepayment 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 Series 2015 B Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2015 B Bonds and/or providing a debt service reserve insurance policy for such Series 2015 B Bonds and that other matters pertaining to the Series 2015 B Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Series 2015 B 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 Issuer 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 the Mayor shall be authorized to acquire a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, if either, or both, is determined by the Mayor to be financially advantageous to the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the "Series 2015 B Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2015 B 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 Series 2015 B Bonds be herein provided for all in accordance with the Series 2015 B Ordinance;

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

SECTION 1. The previously authorized Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C are hereby redesignated as "Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B" and the Ordinance enacted August 17, 2015 authorizing the issuance of the bonds to refinance the Series 2009 A Bonds is hereby amended and modified as reflected in Exhibit A attached hereto and incorporated herein by reference. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer's outstanding Series 2009 A Bonds, (ii) funding a debt service reserve account for the Series 2015 B Bonds either with cash or through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy, (iii) if determined to be financially advantageous to the Issuer, paying the premium for a Municipal Bond Insurance Policy; and (iv) paying costs of issuance of the Series 2015 B Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2015 B Bonds in an aggregate principal amount not to exceed \$5,500,000.

SECTION 2. Pursuant to the Series 2015 B Ordinance and the Act, this Series 2015 B Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2015 B Bonds. The Series 2015 B Bonds shall be issued in the aggregate principal amount not to exceed \$5,500,000, bear interest at a rate not to exceed 6.0%, payable semiannually as determined by the Certificate of Determinations and shall mature no later than October 1, 2030 shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Series 2015 B Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT B and approved hereby (the "Series 2015 B Certificate of Determinations"); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2015 B Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations.

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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor 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 Series 2015 B 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 Series 2015 B 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 2015 B Bonds presented to the Issuer by the Original Purchaser, the Series 2015 B Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 2009 A Bonds and the costs of issuing the Series 2015 B Bonds. The Mayor shall provide this same finding in the Certificate of Determinations.

SECTION 6. A. The Tax 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Tax Compliance policy attached hereto as EXHIBIT C.

SECTION 7. A. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Series 2015 B 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Continuing Disclosure Policy attached hereto as EXHIBIT D.

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 Mayor 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 Mayor) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor 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 Mayor 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 10. The Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Prepayment Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 11. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2015 B Bonds.

SECTION 12. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2015 B Bonds.

SECTION 13. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar for the Series 2015 B Bonds. The Mayor is hereby authorized to designate the depository bank for the Costs of Issuance of the Series 2015 B Bonds.

SECTION 14. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2015 B Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2015 B Bonds. These additional covenants and provisions shall be set forth in the Series 2015 B Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2015 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution may be in conflict therewith.

SECTION 15. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 B Bonds Debt Service Reserve Fund for the Series 2015 B Bonds. In the event a Municipal Bond Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 B Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Series 2015 B Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be supplemental to, and amendatory of, the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution may be in conflict therewith.

SECTION 16. The 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 Series

2015 B Bonds to the end that the Series 2015 B Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 17. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
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 18. The issuance of the Series 2015 B 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 19. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2015 B 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 2015 B Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor 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 20. The Issuer hereby designates the portion of the par amount of the Series 2015 B Bonds which is in excess of the outstanding par amount of the Series 2009 A Bonds which is refunded as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2015 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 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 portion of the par amount of the Series 2015 B Bonds which is in excess of the outstanding par amount of the Series 2009 A Bonds which is refunded, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2015, all as determined in accordance with the Code.

SECTION 21. The Mayor 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 2015 B 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 Series 2015 B 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.

[Remainder of Page Intentionally Left Blank]

SECTION 22. This Series 2015 B Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of September, 2015.


CITY OF CHARLES TOWN

By: 

Its: Mayor

[SEAL]

Attest:


City Clerk

CERTIFICATION

Certified a true copy of a Series 2015 B Supplemental Parameters Resolution duly adopted by the Council of the CITY OF CHARLES TOWN on September 21, 2015, which Series 2015 B Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated: November 19, 2015.

By: _____

City Clerk

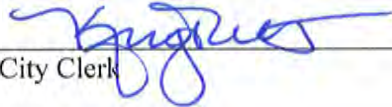
A handwritten signature in blue ink, appearing to be "K. Jones", written over a horizontal line.

EXHIBIT A

CONFORMED ORDINANCE

See Tab 1

EXHIBIT B

FORM OF CERTIFICATE OF DETERMINATIONS

City of Charles Town
Combined Waterworks and Sewerage System Refunding Revenue Bonds,
Series 2015 B (Bank-Qualified)

CERTIFICATE OF DETERMINATIONS

The undersigned, _____, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Series 2015 B Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on _____, 2015 (the "Series 2015 B Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the "Series 2015 B Bonds") hereby finds and determines this ____ day of _____, 2015 as follows:

1. The Series 2015 B Bonds shall be dated _____, 2015 shall bear interest on _____ 1 and _____ 1 of each year commencing _____, 2015.
2. The Series 2015 B Bonds shall be issued in the aggregate principal amount of \$ _____. The interest rates on the Series 2015 B Bonds do not exceed 6.0%, being the maximum interest rate authorized by the Series 2015 B Supplemental Parameters Resolution.
3. The Series 2015 B 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 2015 B Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.
5. The Series 2015 B 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 2015 B 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 \$ _____).
7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Prepayment Agreement, the Continuing Disclosure Agreement, the Official Statement, the Rule 15c2-12 Certificate and the Registrar Agreement attached hereto are hereby approved.
8. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by _____ ("_____") to secure the payment of principal of, and interest on, the Series 2015 B Bonds will result in an interest cost savings for the Issuer in excess of the

premium to be paid by the Issuer for such Insurance Policy, and accordingly accepts the Municipal Bond Insurance Commitment (the "Series 2015 B Insurance Commitment") dated _____, 2015. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to _____.

9. Pursuant to the Series 2015 B Insurance Commitment, and, as permitted by Section 14 of the Series 2015 B Supplemental Parameters Resolution, the covenants and provisions which are required by _____ as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2015 B Bonds are attached hereto as Exhibit A and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Series 2015 B Ordinance and applicable to the Series 2015 B Bonds.
10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by _____ ("_____") to fund the Series 2015 B Bonds Reserve Account will result in a cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Debt Service Reserve Insurance Policy, and accordingly accepts the Municipal Bond Debt Service Reserve Insurance Commitment (the "Series 2015 B Reserve Commitment") dated _____, 2015. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to _____.
11. Pursuant to the Series 2015 B Reserve Commitment, and, as permitted by Section 15 of the Series 2015 B Supplemental Parameters Resolution, the covenants and provisions which are required by _____ as a condition precedent to issuance of its Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 B Bonds Reserve Account are attached hereto as Exhibit B and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Ordinance and applicable to the Series 2015 B Bonds.

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The undersigned hereby certifies that the foregoing terms and conditions of the Series 2015 B Bonds are within the parameters prescribed by the Series 2015 B Supplemental Parameters Resolution, and the Series 2015 B Bonds may be issued with such terms and conditions as authorized by the Series 2015 B Supplemental Parameters Resolution.

WITNESS my signature the day and year first written above.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

SCHEDULE 1

SERIES 2015 B BOND TERMS

<u>Bond No.</u>	<u>Maturity Date</u> (_ 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
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SCHEDULE 2

REDEMPTION PROVISIONS:

SERIES 2015 B BONDS

[to be inserted after pricing]

EXHIBIT A – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Commitment

[insert]

EXHIBIT B – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND DEBT SERVICE RESERVE
INSURANCE POLICY

Municipal Bond Debt Service Reserve Insurance Commitment

[insert]

**EXHIBIT C
TAX COMPLIANCE POLICY**

CITY OF CHARLES TOWN (WEST VIRGINIA)

Purpose

Governmental issuers of tax-exempt and tax-credit bonds must comply with certain federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by the City of Charles Town, West Virginia (the “*Issuer*”), as the issuer, with these rules in connection with the issuance of the Issuer’s Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified) and Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (collectively, the “*Tax-Exempt Bonds*”). It is understood and agreed by the Issuer, and the Issuer has covenanted to take all actions necessary to maintain the Tax-Exempt Bonds as tax-exempt state and local bonds.

Tax Requirements Associated with Sale and Issuance of Bonds

Review and retention of tax documents related to the sale and issuance of Bonds will be supervised by the City Manager or his designee (the “*Oversight Officer*”).

- Form 8038-G (tax exempt bonds) will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which the bonds were issued. Filing of appropriate version or versions of Form 8038-G will be confirmed with bond counsel.

Expenditure of Proceeds for Governmental Costs

Expenditure of bond proceeds will be reviewed by the Oversight Officer.

- Bond proceeds will be disbursed pursuant to the Bond Ordinance, and will be a written order of an Authorized Officer, stating the date, amount and purpose of the disbursement.
- Requisitions must identify the financed property in conformity with the Tax and Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications as to the character and average economic life of the bond-financed property.

- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a “declaration of intent” to reimburse the costs was adopted by the City. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.
- Requisitions will be in accordance with expectations to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the Tax-Exempt Bonds.
- If the 18-month spending exception to rebate applies, expenditure of gross proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:
 - 15% within 6 months
 - 60% within 12 months
 - 100% within 18 months
- If the 2-year spending exception to rebate applies, expenditure of “available construction proceeds” will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:
 - 10% within 6 months
 - 45% within 12 months
 - 75% within 18 months
 - 100% within 24 months

Expenditure of Proceeds

In addition to the general review of expenditures described above, expenditure of proceeds of the Tax-Exempt Bonds will be reviewed by the Oversight Officer.

- Reserve funds cannot exceed the least of 10% of bond proceeds, maximum annual debt service, or 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.
- Only a small portion (5%) of the proceeds of Tax-Exempt Bonds can be used for operating expenses or other “working capital” costs. Requisitions for costs of the Project will accordingly be monitored to confirm that they are for capital costs of the Project.

- Investment earnings on sale proceeds of the Tax-Exempt Bonds will be tracked and will be requisitioned only for appropriate expenditures.

Use of Bond-Financed Property

Use of bond-financed property when completed and placed in service will be reviewed by the Oversight Officer.

- Average nonexempt use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds.
- Agreements with business users or non-profit organizations for lease or management or services contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property subject to the Bond Ordinance is bond-financed.
- Agreements with business users or other non-profit organizations for lease or management or services contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the 10% limit, as set forth in the Tax and Non-Arbitrage Certificate.
- No item of bond-financed property will be sold or transferred to a nonexempt party without advance arrangement of a “remedial action” under the applicable Income Tax Regulations.

Investments and IRS Filings

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Oversight Officer.

- Guaranteed investment contracts (“GIC”) will be purchased only using the three-bid “safe harbor” of applicable Income Tax Regulations, in compliance with fee limitations on GIC brokers in the Income Tax Regulations.
- Other investments will be purchased only in market transactions.
- Calculations of rebate liability will be performed annually by outside consultants.
- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.
- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

Records

Management and retention of records related to tax-exempt bond issues will be supervised by the Oversight Officer.

- Records will be retained for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
- Retainable records pertaining to the Tax-Exempt Bonds include transcript of documents executed in connection with the issuance of the bonds (including authorizing resolutions, Bond Ordinance, Form 8038-G, and Tax and Non-Arbitrage Certificate) and any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T.
- Retainable records pertaining to expenditures of bond proceeds include requisitions, accounting statements and final allocation of proceeds.
- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.
- Retainable records pertaining to investments include GIC documents under the Income Tax Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

Amendment

This Tax Compliance Policy may be amended and/or modified by the Mayor as required from time to time to ensure ongoing compliance by the City with requirements related to tax-exempt bonds, such as the Tax-Exempt Bonds. Such amendments and/or modifications shall not require any action by City Council.

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Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: Mayor
Date:

EXHIBIT D
CONTINUING DISCLOSURE POLICY

See Attached

**CITY OF CHARLES TOWN
(WEST VIRGINIA)**

**COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2015 C (TAX-EXEMPT)**

BOND ORDINANCE¹

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¹ Conformed by Supplemental Resolution adopted September 21, 2015 redesignating as Series 2015 B Bonds

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EXHIBIT A

A-1 FORM OF Series 2015 C BONDS

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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 2009 A 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 2015 C OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$5,500,000; 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 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 2009 A (Tax-

Exempt), dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 (the "Series 2009 A Bonds");

WHEREAS, the Series 2009 A Bonds were issued to refund the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1988, dated May 15, 1988, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1988 Bonds"). The Series 1988 Bonds advanced refunded the following as part of combining the water and sewer systems:

(i) Sewer Revenue Refunding Bonds, Series 1972, dated December 1, 1972, issued in the original aggregate principal amount of \$555,000 (the "Series 1972 Sewer Bonds") which refunded the Sewer Revenue Bonds, Series 1972, dated June 1, 1970, issued in the original aggregate principal amount of \$610,000;

(ii) Sewer Revenue Bonds, Series 1988 A, dated May 4, 1988, issued in the original aggregate principal amount of \$1,183,663 (the "Series 1988 A Sewer Bonds");

(iii) Water Revenue Bonds, Series 1961, dated April 1, 1961, issued in the original aggregate principal amount of \$525,000 (the "Series 1961 Water Bonds");

(iv) Water Refunding Revenue Bonds, Series 1977, dated April 1, 1977, issued in the original aggregate principal amount of \$1,315,000 (the "Series 1977 Water Bonds") which refunded the Water Revenue Bonds, Series 1975, dated April 1, 1975, issued in the original aggregate principal amount of \$1,210,000;

(v) Water Revenue Bonds, Series 1987 A, dated November 18, 1987, issued in the original aggregate principal amount of \$1,686,371 (the Series 1987 Water Bonds");

(vi) Water Revenue Bonds, Series 1988 A, dated May 20, 1988, issued in the original aggregate principal amount of \$2,232,000 (the Series 1988 A Water Bonds");

(vii) Water Revenue Bonds, Series 1989 A, dated April 13, 1989, issued in the original aggregate principal amount of \$792,520.01 (the Series 1989 A Water Bonds"); and

(viii) Municipal Lease-Purchase Agreement dated September 17, 1996, in the original amount of \$595,976 (the "Water Meter Lease").

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 2009 A Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2009 A Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C, in the original aggregate principal amount of not more than \$5,500,000 (the "Series 2015 C Bonds"),

such Series 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 C BONDS, 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 2015 C 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 2015 C 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 2015 C Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2015 C 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 2015 C 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 2015 C Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 C 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 2015 C 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, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds,

"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 2015 C 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 2015 C 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 2015 C Bonds are privately placed, the price paid by the first

buyer of the Series 2015 C 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 2015 C Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds and the Prior Bonds.

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

“Series 1987 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629.

“Series 1988 B-1 Bonds” means the Issuer’s 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.

“Series 1988 B-2 Bonds” means the Issuer’s 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.

“Series 1989 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480.

“Series 1998 Bonds” means the Issuer’s 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.

“Series 2000 A Bonds” means the Issuer’s 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.

“Series 2002 A Bonds” means the Issuer’s 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.

“Series 2002 B Bonds” means the Issuer’s 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.

“Series 2002 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000.

“Series 2009 A Bonds” means the Issuer’s 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.

“Series 2010 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458.

“Series 2010 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000.

“Series 2010 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000.

“Series 2010 D Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000.

“Series 2011 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192.

"Series 2013 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977.

"Series 2013 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000.

“Series 2014 A Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900.

“Series 2014 C Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000.

“Series 2014 D Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000.

“Series 2014 E Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000

"Series 2015 Conds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2015 C Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2015 C Bonds Redemption Account" means the Series 2015 C Bonds Redemption Account established in the Series 2015 C Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 C Bonds Reserve Account" means the Series 2015 C Bonds Reserve Account established in the Series 2015 C Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 C Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2015 C Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2015 C Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2015 C Bonds.

"Series 2015 C Bonds Sinking Fund" means the Series 2015 C Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2015 C 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 2015 C Bonds and authorizing the sale of the Series 2015 C 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 2015 C 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 sewerage systems, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks or sewerage systems from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Series 2015 C 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 2003 A 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 2003 A Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C (Tax-Exempt), in the original aggregate principal amount of not more than \$5,500,000, in order to pay in full the remaining principal balance of and all accrued interest on the Issuer's Series 2009 A Bonds. The proceeds of the Series 2015 C Bonds may also be applied to funding the Series 2015 C 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 2015 C 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 2015

C 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 2015 C 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 2015 C 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 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 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 20, 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");

11. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");

12. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");

13. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");

14. Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");

15. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");

16. Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");

17. Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the "Series 2014 A Bonds");

18. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");

19. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds"); and

20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds").

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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 2015 C 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 2015 C 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, if required, of the Registered Owners of the Prior Bonds to the issuance of the Series 2015 C Bonds on a parity with the Prior Bonds. The Series 2002 C Bonds and Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds do not require consent.

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

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2015 C Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2015 C Bonds, the Series 2015 C Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2015 C Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2015 C 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 2015 C Bonds, and secure the Series 2015 C Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2015 C Bonds Reserve Account, unexpended proceeds of the Series 2015 C Bonds and as further set forth herein.

J. The Series 2015 C Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2015 C BONDS, 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 2015 C 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 2015 C Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2015 C 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 2015 C Bonds, the refunding of the Series 2003 A Bonds, the refunding of the Series 2006 A Bonds and the Refunding of the Series 2006 B Bonds, or will have so complied prior to issuance of any thereof.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2015 C 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 2015 C Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2015 C Bond and any other Series 2015 C Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDINGS

Section 2.01. Authorization of Refundings. All Series 2009 A Bonds Outstanding as of the date of issuance of the Series 2015 C 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 2009 A Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 2009 A Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 2009 A Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2009 A Bonds. Contemporaneously with the payment in full of the Series 2009 A Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2009 A Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 C Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2015 C Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2015 C 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 2015 C Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 C Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2015 C Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2015 C Bonds shall be in default, Series 2015 C Bonds issued in exchange for Series 2015 C Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2015 C Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 C Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2015 C 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 2015 C Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2015 C Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Registered Owner thereof, another Series 2015 C Bond in the principal amount of said Series 2015 C Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 C 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 2015 C 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 2015 C 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 2015 C Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 C BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 C 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 2015 C Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2015 C Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2015 C Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 C Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting any of said Series 2015 C Bonds, shall be conclusively deemed to have agreed that such Series 2015 C Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2015 C Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 C Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 C Bonds. The Series 2015 C Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2015 C Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2015 C Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2015 C Bond is exercised, Series 2015 C Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2015 C Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 C Bonds, the initial exchange of Series 2015 C 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 2015 C 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 2015 C Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 Refunding 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 2006 B Bonds, funding the Series 2015 C Bonds Reserve Account and paying costs of issuance of the Series 2015 C Bonds and related costs, there shall be issued the Series 2015 C Bonds of the Issuer, in an aggregate principal amount of not more than \$5,500,000. The Series 2015 C Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C (Tax-Exempt)" 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 2015 C Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 C Bonds shall be numbered from ER-1 consecutively upward. The Series 2015 C 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 2015 C Bonds. The Series 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds. The Issuer shall execute and deliver the Series 2015 C Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 C Bonds to the Original Purchaser upon receipt of the documents set forth below:

- (1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2015 C Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;
- (2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2015 C 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 opinions of Bond Counsel regarding the Series 2015 C Bonds; and

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

Section 3.13. Form of Series 2015 C Bonds. The definitive Series 2015 C Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 C BONDS 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 2015 C Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 C 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 2015 C Bonds. Upon the issuance and delivery of the Series 2015 C Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2015 C Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 C Bonds Sinking Fund and applied to payment of interest on the Series 2015 C Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2015 C Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2015 C Bonds Reserve Account.

3. An amount of the proceeds of the Series 2015 C Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2006 B Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 2006 B Bonds in full.

4. An amount of Series 2015 C Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2015 C 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 2015 C Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2015 C Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 C Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 C Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2015 C 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) Operation and Maintenance Fund (established by the Prior Ordinances);
- (3) Renewal and Replacement Fund (established by the Prior Ordinances);
- (4) Series 2015 Conds Costs of Issuance Fund; and
- (5) 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 1987 B Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 1987 B Bonds Reserve Account (established by Prior Ordinances);
- (3) Series 1988 B-1 Bonds Sinking Fund (established by Prior Ordinances);
- (4) Series 1988 B-1 Bonds Reserve Account (established by Prior Ordinances);
- (5) Series 1988 B-2 Bonds Sinking Fund (established by Prior Ordinances);
- (6) Series 1988 B-2 Bonds Reserve Account (established by Prior Ordinances);
- (7) Series 1989 B Bonds Sinking Fund (established by Prior Ordinances);
- (8) Series 1989 B Bonds Reserve Account (established by Prior Ordinances);
- (9) Series 1998 Bonds Sinking Fund (established by Prior Ordinances);

- (10) Series 1998 Bonds Reserve Account (established by Prior Ordinances);
- (11) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);
- (12) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);
- (13) Series 2002 A Bonds Sinking Fund (established by Prior Ordinances);
- (14) Series 2002 A Bonds Reserve Account (established by Prior Ordinances);
- (15) Series 2002 B Bonds Sinking Fund (established by Prior Ordinances);
- (16) Series 2002 B Bonds Reserve Account (established by Prior Ordinances);
- (17) Series 2002 C Bonds Sinking Fund (established by Prior Ordinances);
- (18) Series 2002 C Bonds Reserve Account (established by Prior Ordinances);
- (19) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);
- (20) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);
- (21) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);
- (22) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);
- (23) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);
- (24) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);
- (25) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);
- (26) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);
- (27) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);
- (28) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);
- (30) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);
- (31) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);
- (32) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);

- (33) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);
- (34) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);
- (37) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);
- (38) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);
- (39) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);
- (40) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);
- (41) Series 2015 C Bonds Sinking Fund; and
- (42) Series 2015 C Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2015 C 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 Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 C Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2015 C Bonds, for deposit in the Series 2015 C Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 C Bonds on the next ensuing semiannual interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2015 C 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 2015 C Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 C Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 C Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 C 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 2015 C Bonds, for deposit in the Series 2015 C Bonds Sinking Fund and in the Series 2015 C 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 2015 C Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2015 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 C Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2015 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 C Bonds when the funds on deposit in the Series 2015 C 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 2015 C Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2015 C Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2015 C 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 2015 C 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 2015 C 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 respective 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 2015 C Bonds, if not fully funded upon issuance of the Series 2015 C Bonds, for deposit in the Series 2015 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 C Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2015 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2015 C Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2015 C Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 C Bonds Reserve Account below the Series 2015 C Bonds Reserve Requirement or any withdrawal from the Series 2015 C Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 C 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 2015 C Bonds Reserve Account is less than the Series 2015 C Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 C Bonds Reserve Account for deposit into the Series 2015 C 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 2015 C Bonds Reserve Account to an amount equal to the Series 2015 C Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2015 C 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 2015 C Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2015 C Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2015 C Bonds Reserve Requirement.

Amounts in the Series 2015 C Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 C Bonds when due, when amounts in the Series 2015 C 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 2.5% 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 any 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 2015 C 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 2015 C Bonds in such manner and to such extent as may be necessary, so that such Series 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2015 C Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the moneys in the Series 2015 C Bonds Sinking Fund and the Series 2015 C Bonds Reserve Account therein and the unexpended proceeds of the Series 2015 C Bonds, all as herein provided. No Holder or Holders of the Series 2015 C Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2015 C Bonds or the interest thereon.

Section 6.03. Series 2015 C 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 2015 C 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. 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 2015 C Bonds herein authorized, and to make the payments into the Series 2015 C Bonds Sinking Fund all moneys and securities in the Series 2015 C Bonds Sinking Fund, including the Series 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds, and all obligations issued on a parity with the Series 2015 Refunding 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 for the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2015 C 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 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 2015 Refunding 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 2015 C Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2015 C 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, 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 Refunding 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. 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 2015 Refunding 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 2015 C Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' 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. WORKERS' 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 2015 C Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2015 C 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 2015 C Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2015 C Bonds during the terms thereof is, under the terms of such Series 2015 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2015 C Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2015 C Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.18. RESERVED

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 2015 C 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 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;

(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

(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.

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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 C 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 2015 C Bonds, the first exchange of Series 2015 C Bonds and the exchange of Series 2015 C 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 2015 C 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 2015 C Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds so authenticated, and, in case any Series 2015 C Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2015 C Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Bond Commission shall serve as Paying Agent. The Registrar and Depository Bank shall be designated by Supplemental Resolution. 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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 2015 C Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2015 C 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 2015 C 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 2015 C Bonds, provided that, in the event any of the Series 2015 C Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2015 C Bonds or the rights of the applicable Bond Insurer for such Series 2015 C 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 2015 C 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 2015 C Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 C Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2015 C 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 2015 C Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2015 C Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the 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 2015 C Bonds. All Series 2015 C 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 2015 C Bonds shall be deemed Outstanding under this Ordinance and no Series 2015 C Bonds shall be issued in lieu

thereof. All such Series 2015 C 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 2015 C 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 2015 C Bonds which remain unclaimed for 1 year after the date on which such Series 2015 C 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 2015 C Bonds shall look only to the Issuer for the payment of such Series 2015 C 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 2015 C 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

PAYING AGENT:

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, West Virginia
Attention: Director

REGISTRAR:

[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 2015 C 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 2015 C 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 2015 C 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 2015 C 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 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.

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

First Reading: July 6, 2015

Second Reading: July 20, 2015

Passed on Final Reading
Following Public
Hearing: August 17, 2015

Enacted this 17th day of August, 2015.

CITY OF CHARLES TOWN

[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 7:00p.m., on August 17, 2015, 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.

[SEAL]

City Clerk

EXHIBIT A-1 – FORM OF SERIES 2015 C BONDS

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. CR-_____

\$ _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 C (TAX-EXEMPT)

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 2015 C (Tax-Exempt)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 2006 B Bonds, (ii) to fund the Series 2015 C Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2015 C 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 _____, 2015, and supplemented by supplemental resolutions adopted by said Council on _____, 2015, (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:

<u>Period During Which Redeemed</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____ 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 2015 C BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 20, 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");

11. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");

12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");

13. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2002 C BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 2015 C Bonds Sinking Fund and the Series 2015 C 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 2015 C Bonds Sinking Fund and the Series 2015 C 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 2003 A 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: _____, 20 ____.

_____,
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: _____, 20____.

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 2015 B (Bank-Qualified)

CERTIFICATE OF DETERMINATIONS

The undersigned, Peggy Smith, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Series 2015 B Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on September 21, 2015 (the "Series 2015 B Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the "Series 2015 B Bonds") hereby finds and determines this 20th day of October, 2015 as follows:

1. The Series 2015 B Bonds shall be dated November 19, 2015 shall bear interest on April 1 and October 1 of each year commencing April 1, 2016.
2. The Series 2015 B Bonds shall be issued in the aggregate principal amount of \$4,355,000. The interest rates on the Series 2015 B Bonds do not exceed 6.0%, being the maximum interest rate authorized by the Series 2015 B Supplemental Parameters Resolution.
3. The Series 2015 B 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 2015 B Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.
5. The Series 2015 B Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.
6. The Series 2015 B 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 \$4,402,453 (representing par value less an Underwriter's discount of \$70,768.75 and a net original issue premium of \$118,221.75).
7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Prepayment Agreement, the Continuing Disclosure Agreement, the Official Statement, the Rule 15c2-12 Certificate and the Registrar Agreement attached hereto are hereby approved.
8. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by Build America Mutual Assurance Company ("BAM") to secure the payment of principal of, and interest on, the Series 2015 B Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Insurance Policy, and accordingly accepts the Municipal Bond Insurance Commitment (the "Series 2015 B

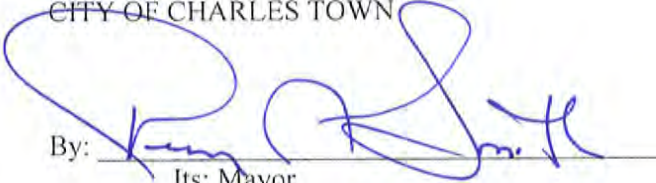
Insurance Commitment”) dated October 5, 2015. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to BAM.

9. Pursuant to the Series 2015 B Insurance Commitment, and, as permitted by Section 14 of the Series 2015 B Supplemental Parameters Resolution, the covenants and provisions which are required by BAM as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2015 B Bonds are attached hereto as Exhibit A and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Series 2015 B Ordinance and applicable to the Series 2015 B Bonds.
10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by Build America Mutual Assurance Company ("BAM") to fund the Series 2015 B Bonds Reserve Account will result in a cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Debt Service Reserve Insurance Policy, and accordingly accepts the Municipal Bond Debt Service Reserve Insurance Commitment (the "Series 2015 B Reserve Commitment") dated October 5, 2015. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to BAM.
11. Pursuant to the Series 2015 B Reserve Commitment, and, as permitted by Section 15 of the Series 2015 B Supplemental Parameters Resolution, the covenants and provisions which are required by BAM as a condition precedent to issuance of its Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 B Bonds Reserve Account are attached hereto as Exhibit B and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Ordinance and applicable to the Series 2015 B Bonds.
12. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar and depository agent responsible for disbursement of the costs of issuance of the Series 2015 B Bonds.

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The undersigned hereby certifies that the foregoing terms and conditions of the Series 2015 B Bonds are within the parameters prescribed by the Series 2015 B Supplemental Parameters Resolution, and the Series 2015 B Bonds may be issued with such terms and conditions as authorized by the Series 2015 B Supplemental Parameters Resolution.

WITNESS my signature the day and year first written above.

CITY OF CHARLES TOWN
By: 
Its: Mayor

SCHEDULE 1

SERIES 2015 B BOND TERMS

<u>Bond No.</u>	<u>Maturity Date</u> (October 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
BR-1	2016	\$295,000	2.000%	0.750%
BR-2	2017	320,000	2.000%	1.000%
BR-3	2018	330,000	2.000%	1.250%
BR-4	2019	335,000	1.500%	1.500%
BR-5	2020	340,000	1.750%	1.750%
BR-6	2021	345,000	2.000%	2.000%
BR-7	2022	350,000	3.000%	2.000%*
BR-8	2023	365,000	3.000%	2.100%*
BR-9	2024	375,000	4.000%	2.000%*
BR-10	2025	390,000	3.000%	2.350%*
BR-11	2028	910,000	3.000%	2.800%*

* Priced to 10/01/2021 optional par call.

SCHEDULE 2

REDEMPTION PROVISIONS:

SERIES 2015 B BONDS

Extraordinary Redemption

The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption

The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

*Final maturity.

EXHIBIT A – CERTIFICATE OF DETERMINATIONS

Municipal Bond Insurance Commitment

EXHIBIT B – CERTIFICATE OF DETERMINATIONS

Municipal Bond Debt Service Reserve Insurance Commitment

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

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, Mayor of the City of Charles Town (the "Issuer"), for and on behalf of the Issuer, hereby certify this 19th day of November, 2015 as follows:

1. On the 19th day of November, 2015, in Charleston, West Virginia, the Issuer delivered the entire original issue of \$4,355,000 in aggregate principal amount of the City of Charles Town Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (the "Series 2015 B Bonds"). The Series 2015 B Bonds, as so received on original issuance, are in various denominations, are all dated November 19, 2015, are numbered from BR-1, upward in order of maturity to BR-11, 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 as Mayor and David Mills as City Manager of the Issuer by their manual signatures, and the official seal of the Issuer had been impressed upon each Bond and attested by Kiya Tabb as City Clerk of the Issuer by her manual signature, and had been authenticated by an authorized officer of United Bank, Inc., Charleston, West Virginia, as Registrar.

3. The Issuer has received, or was received on its behalf, and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, of the proceeds of the Series 2015 B Bonds, as follows:

Par Amount of Series 2015 B Bonds	\$4,355,000.00
Plus: Net Reoffering Premium	\$118,221.75
Less: Underwriter's Discount	<u>(\$70,768.75)</u>
Total	<u>\$4,402,453.00</u>

Payment for the Series 2015 B Bonds was made in immediately available funds (federal funds wire) in the amount of \$4,402,453.00.

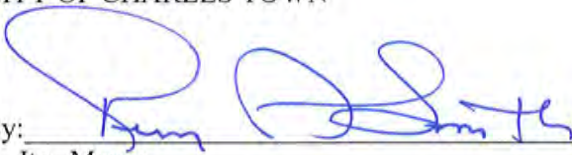
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WITNESS our signatures on the day and year first written above.

CREWS & ASSOCIATES, INC.

By: 
Its: Senior Managing Director

CITY OF CHARLES TOWN

By: 
Its: Mayor

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

DIRECTION TO AUTHENTICATE, REGISTER AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you this 19th day of November, 2015, herewith as Registrar for the above-captioned Bonds:

1. Bonds No. BR-1 through BR-11 constituting the entire original issue of the City of Charles Town Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified) dated November 19, 2015, in the aggregate principal amount of \$4,355,000 (the "Series 2015 B 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 Series 2015 B Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on August 17, 2015, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (collectively, the "Ordinance").

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

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

You are hereby requested and authorized, pursuant to Section 3.12 of the Ordinance, to authenticate, register in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC") and deliver the Series 2015 B Bonds to DTC, for the account of Crews & Associates, Inc. as the Original Purchaser thereof.

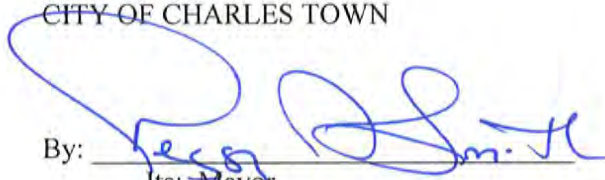
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Dated the day and year first written above

CITY OF CHARLES TOWN

By: _____

Its: Mayor

A handwritten signature in blue ink, appearing to read "Jason Smith", is written over a horizontal line. The signature is stylized and cursive.

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. BR-1

\$295,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
2.000%	10/01/2016	11/19/2015	160028 EF9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED NINETY-FIVE THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");
14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");
15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.


[Remainder of Page Intentionally Blank]

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]

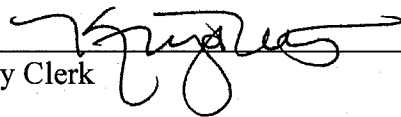


Mayor



City Manager

ATTEST:



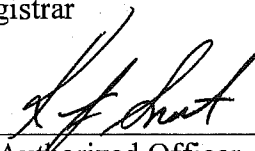
City Clerk

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-2

\$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 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
2.000%	10/01/2017	11/19/2015	160028 EG7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");
14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");
15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

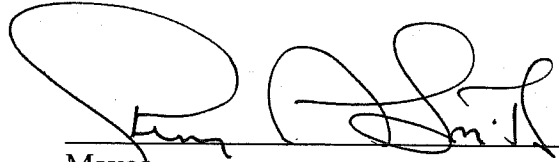
This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

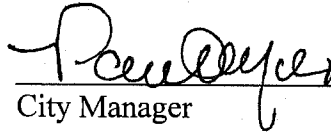
All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

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.

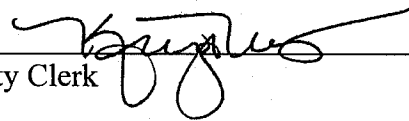
[SEAL]



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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-3

\$330,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
2.000%	10/01/2018	11/19/2015	160028 EH5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED THIRTY THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");

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12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

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15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

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THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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said special fund provided from the Gross Revenues, the moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

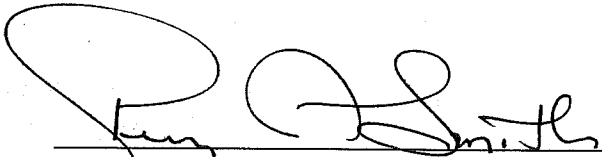
This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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.

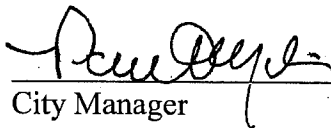
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IN WITNESS WHEREOF, the CITY OF CHARLES TOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date specified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

[SEAL]

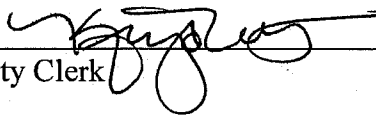


Mayor



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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-4

\$335,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
1.500%	10/01/2019	11/19/2015	160028 EJ1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED THIRTY-FIVE THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");

10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");

11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");

12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.


[Remainder of Page Intentionally Blank]

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]

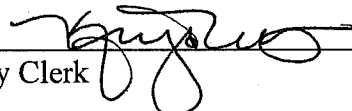


Mayor



City Manager

ATTEST:



City Clerk

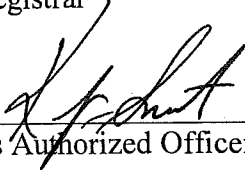
CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-5

\$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 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
1.750%	10/01/2020	11/19/2015	160028 EK8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FORTY THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");

10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");

11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");

12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

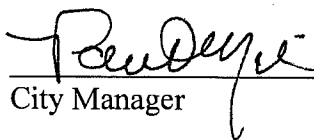
[Remainder of Page Intentionally Blank]

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]

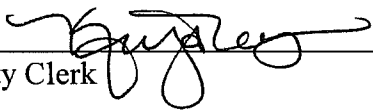


Mayor



City Manager

ATTEST:


City Clerk

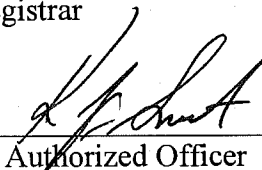
CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-6

\$345,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
2.000%	10/01/2021	11/19/2015	160028 EL6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FORTY-FIVE THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");
14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");
15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

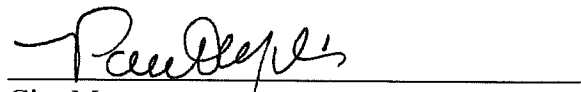
[Remainder of Page Intentionally Blank]

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]

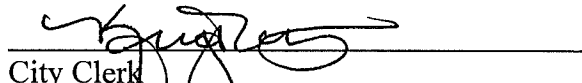


Mayor



City Manager

ATTEST:



City Clerk

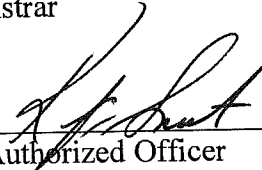
CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-7

\$350,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
3.000%	10/01/2022	11/19/2015	160028 EM4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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");
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said special fund provided from the Gross Revenues, the moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

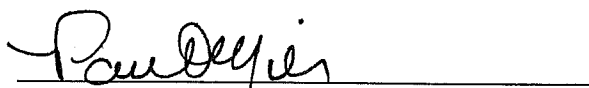
All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

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.

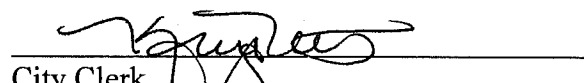
[SEAL]



Mayor

City Manager

ATTEST:



City Clerk

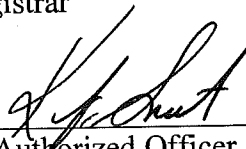
CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-8

\$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 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
3.000%	10/01/2023	11/19/2015	160028 EN2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SIXTY-FIVE THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");
14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");
15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

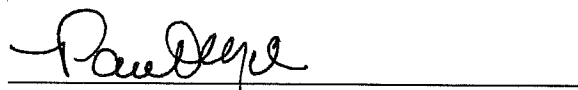
[Remainder of Page Intentionally Blank]

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]

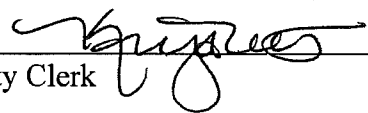


Mayor



City Manager

ATTEST:



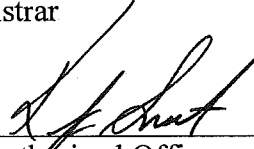
City Clerk

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-9

\$375,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
4.000%	10/01/2024	11/19/2015	160028 EP7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Seires 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");
14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");
15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

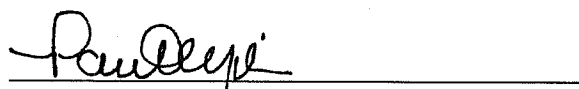
All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

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.

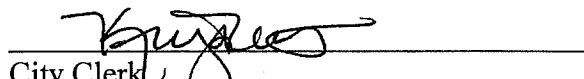
[SEAL]



Mayor

City Manager

ATTEST:



City Clerk

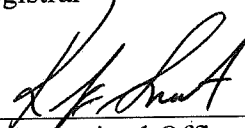
CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-10

\$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 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
3.000%	10/01/2025	11/19/2015	160028 EQ5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED NINETY THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");
14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");
15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

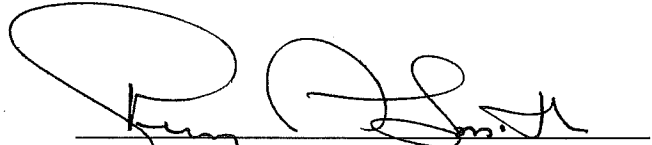
This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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.

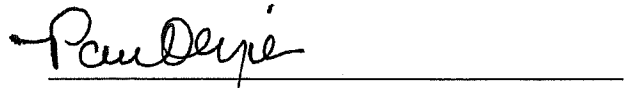
[Remainder of Page Intentionally Blank]

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]

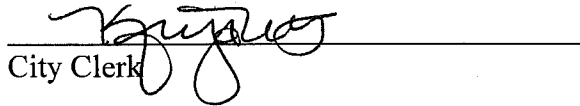


Mayor



City Manager

ATTEST:



City Clerk

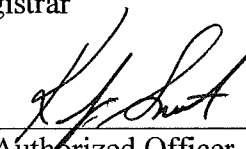
CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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: November 19, 2015.

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: _____, 20 ____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

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. BR-11

\$910,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
3.000%	10/01/2028	11/19/2015	160028 ER3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED TEN THOUSAND DOLLARS

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, 2016 (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 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 \$4,355,000 designated "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 19, 2015, the proceeds of which are to be used to: (i) finance the costs of currently refunding the Issuer's Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through Build America Mutual Assurance Company ("BAM"); (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015, (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) Extraordinary Redemption. The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System, the applicable Series 2015 B Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

(B) Optional Redemption. The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

(C) Mandatory Sinking Fund Redemption. The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
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12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");
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14. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");
15. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

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THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,750,000 (THE "SERIES 2015 A BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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.

This Series 2015 B Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Series 2015 B Bonds, by a policy of financial guaranty bond insurance issued by BAM.

All moneys received from the sale of the Series 2015 B Bonds shall be applied solely to: (i) finance the current refunding of the Issuer's outstanding Series 2009 A Bonds; (ii) pay the premium for a municipal bond insurance policy (the "Insurance Policy") through BAM; (iii) fund the Series 2015 B Bonds Reserve Account with the purchase of municipal bond debt service reserve insurance policy (the "Reserve Policy") from BAM; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs, 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.

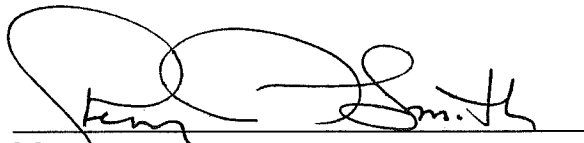
This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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.

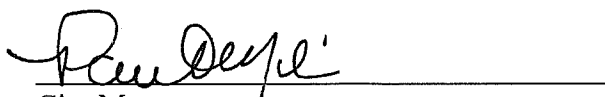
[Remainder of Page Intentionally Blank]

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

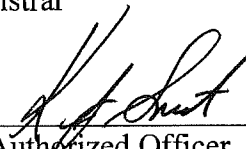
CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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: November 19, 2015.

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: _____, 20____.

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.

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as Paying Agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.



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P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the City of Charles Town, West Virginia (the "Issuer") of its \$4,355,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds").

The Series 2015 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 17, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (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 2015 B Bonds are issued in fully registered form, are dated November 19, 2015, 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, 2016, as set forth in the Ordinance.

The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time or in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

The Ordinance provides that the Series 2015 B Bonds are issued for the purposes, along with other funds of the Issuer available therefore, of: (i) financing the cost to currently refund the Issuer's 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 ("Series 2009 A Bonds"); (ii) paying the premium for a municipal bond debt service reserve insurance policy through Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") (the "Series 2015 B Reserve Policy") to fund the Series 2015 B Bonds Reserve Account; (iii) paying the premium for a municipal bond insurance policy (the "Series 2015 B Insurance Policy") through BAM to secure the payment of principal of and interest on the Series 2015 B Bonds; and (iv) paying certain costs of issuance of the Series 2015 B Bonds and related costs.

The Series 2015 B Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated October 20, 2015, 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 Certificate, the Prepayment 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 Certificate, the Prepayment 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 Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 B 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 Certificate and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 B Bonds, and has issued and delivered the Series 2015 B 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 Certificate and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2015 B 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458; (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000; (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000; (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000; (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192; (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977; (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000; (16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900; (17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000; (18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000; (19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000; and (20) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), dated November 19, 2015, issued concurrently herewith in the original aggregate principal amount of \$2,750,000.

The Series 2015 B 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 2009 A 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 2009 A 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 2015 B 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 2015 B 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 2015 B Bonds. Prospective purchasers of the Series 2015 B 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 2015 B 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 2015 B Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (the "Tax Covenants"). Failure to comply with such Tax Covenants could cause the interest on the Series 2015 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2015 B Bonds.

The par amount of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2009 A Bonds on the date the Series 2009 A Bonds are defeased with proceeds of the Series 2015 B Bonds are "deemed designated" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Issuer has designated the remaining par amount of the Series 2015 B Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph 3 of Section 265(b)(3) of the Code and has covenanted that not more than \$10,000,000 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 Series 2015 B Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, 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 2015 B Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2015 B 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 Series 2015 B 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 2015 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 B Bonds and the enforceability of the Series 2015 B Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, 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 2015 B Bonds.

We have examined the executed and authenticated Series 2015 B Bonds of said issue, and in our opinion, said Series 2015 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,



STEPTOE & JOHNSON PLLC

November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System Refunding Revenue Bonds,
Series 2015 B (Bank Qualified)

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 \$4,355,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2015 B Bonds and the exclusion of interest on the Series 2015 B 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 October 20, 2015, 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 2015 B Bonds.

- (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, "The Series 2015 Bonds," "Security for the Series 2015 Bonds," (except for the statements referred to therein under "Appendix G- Book-Entry Only System" with respect to the Depository Trust Company), "Financing Plan", "Absence of Material Litigation," "Appendix D- Forms of Bond Counsel Opinion" and "Appendix F- Form of Ordinances", 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 2015 B 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

November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank Qualified); and
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

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 "Refunding Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of October 20, 2015 (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 Refunding 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 Refunding Bonds enacted on August 17, 2015, as supplemented by a supplemental parameters resolution adopted by the Council of the City on September 21, 2015 (collectively, the "Ordinance"), the Purchase Agreement and the Official Statement dated October 20, 2015, with respect to the issuance and offering of the Refunding 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 Refunding 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 Refunding Bonds.

3. The City has full power and authority to operate the System.

4. The City has the power and authorization to set and enforce rates and the water and sewer rates and charges enacted by the City on April 15, 2008 and September 3, 2013, respectively, are in full force and effect and not subject to appeal.

5. 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 Refunding Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Refunding Bonds, the Ordinance, the Purchase Agreement, or contesting the powers of the State of West Virginia with respect to the Refunding Bonds, the Ordinance or this Purchase Agreement or any transaction described in or contemplated by the Official Statement.

6. 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.

7. The statements contained in the Official Statement under the captions "The System," "Absence of Material Litigation," "Financing Plan," "Continuing Disclosure" 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

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November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank Qualified); and
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

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 2015 Refunding Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of October 20, 2015 (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 2015 Refunding 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 2015 Refunding Bonds enacted on August 17, 2015, as supplemented by a supplemental parameters resolution adopted by the Council of the City on September 21, 2015 (collectively, the “Bond Legislation”) and the Official Statement dated October 20, 2015, with respect to the issuance and offering of the Series 2015 Refunding 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 2015 Refunding Bonds and the consummation of the transactions contemplated by the Series 2015 Refunding Bonds and the Bond Legislation and the carrying out of the terms thereof, 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 2015 Refunding 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 2015 Refunding

Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2015 Refunding Bonds, the Bond Legislation or contesting the powers of the State of West Virginia with respect to the Series 2015 Refunding 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," "Absence of Material Litigation," "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,

Law Offices of Hoy Shingleton, L.C.

By: 

Hoy G. Shingleton, Jr.



500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

November 19, 2015

Crews & Associates, Inc.
521 President Clinton Ave., Suite 800
Little Rock, AR 72207

Re: City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, \$2,750,000 Series 2015 A (Bank-Qualified) and \$4,355,000 Series 2015 B (Bank-Qualified)

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, West Virginia (the “Issuer”) of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, \$2,750,000 Series 2015 A (Bank-Qualified) and \$4,355,000 Series 2015 B (Bank-Qualified) (collectively, the “Series 2015 Bonds”). In connection with rendering this opinion, we have examined the Official Statement dated October 20, 2015, the Bond Purchase Agreement dated October 20, 2015 (the “Purchase Agreement”), the Continuing Disclosure Certificate of the Issuer, dated November 19, 2015 (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:

(a) The 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;

(b) The Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and

(c) With respect to the Official Statement, no facts have come to our attention that the Official Statement contains any untrue statements of a material fact or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Crews & Associates, Inc.
November 19, 2015
Page 2

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 2015 Bonds.

Very truly yours,

A handwritten signature in blue ink that reads "Jack Kelly OMC". The signature is written in a cursive style with a large, stylized initial "J".

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

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 2009 A 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 and CITY CLERK of the City of Charles Town, West Virginia (the "Issuer"), hereby certify this 19th day of November, 2015 in connection with the \$4,355,000 aggregate principal amount of the City of Charles Town Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds" or the "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 August 17, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (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 2015 B Bonds, the refunding of the Series 2009 A 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 2015 B

Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2015 B Bonds, nor in any manner affecting the validity or enforceability of the Series 2015 B Bonds, the Ordinance or the Bond Purchase Agreement, dated October 20, 2015 (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 2015 B Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, City Clerk and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Series 2015 B Bonds or the refunding and payment of the Series 2009 A Bonds, which is not set forth in the Official Statement relating to the Series 2015 B 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 2015 B Bonds, have been obtained as of the date hereof and remain in full force and effect.

4. RATES: On September 3, 2013, 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 August 17, 2015 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 September 21, 2015.

6. AWARD OF BONDS; SIGNATURES: The Series 2015 B Bonds were awarded to the Underwriter upon a negotiated basis at the price of \$4,402,453 (par amount of \$4,355,000 plus net reoffering premium in the amount of \$118,221.75, and less underwriter's discount of \$70,768.75). As of the date hereof, the Series 2015 B 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 did deliver to the Registrar the entire issue of the Series 2015 B Bonds, numbered BR-1 to BR-11.

At the time of delivery of the Series 2015 B Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount of Series 2015 B Bonds	\$4,355,000.00
Plus: Net Reoffering Premium	118,221.75
Less: Underwriter's Discount	<u>(70,768.75)</u>
Total	<u>\$4,402,453.00</u>

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 2015 B 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

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 October 20, 2015. 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");

10. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");
11. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");
12. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");
13. Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");
14. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");
15. Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");
16. Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,000 (the "Series 2014 A Bonds");
17. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");
18. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds");
19. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds"); and
20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), dated November 19, 2015, issued concurrently herewith in the original aggregate principal amount of \$2,750,000 (the "Series 2015 A Bonds").

The Series 2015 B 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, 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 funded in accordance with the Prior Ordinances 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 2015 B 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 and the City Clerk are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Michael Tolbert, Councilmember	June 2015	June 2019
Chester A Hines, Councilmember	June 2013	June 2017
Ann Paonessa, Councilmember	June 2015	June 2019
Richard J. Bringewatt, Councilmember	June 2013	June 2017
Jonathan Wertman, Councilmember	June 2013	June 2017
Sandra Slusher McDonald, Councilmember	June 2013	June 2017
Nick Zaglifa, Councilmember	June 2015	June 2019
Bob Trainor, Councilmember	June 2015	June 2019
Peggy A. Smith, Mayor	June 2013	June 2017

The names of the duly appointed, qualified and acting members of the Utility Board of the Issuer are as follows:

David Mills	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 Kiya Tabb. 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 2015 B 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 17th day of August, 2015, 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 2009 A BONDS: As of the date hereof, the Series 2009 A Bonds have been prepaid and refunded and the liens and pledges securing the Series 2009 A Bonds have been discharged and defeased.

14. SPECIMEN BONDS. Delivered concurrently herewith are true and accurate specimens of the Series 2015 B Bonds.

15. NO FEDERAL GUARANTY: The Series 2015 B 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 2015 B 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 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 the date hereof, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2015 B 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 my 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 2015 B Bonds, the issuance or sale of the Series 2015 B Bonds or in any way affecting any authority for or the validity of the Series 2015 B Bonds or the Ordinance, (iv) the execution, delivery,

receipt and due performance of the Series 2015 B 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 the day and year first written above.

[SEAL]

SIGNATURE

OFFICIAL TITLE



A handwritten signature in blue ink, appearing to read "Ken Smith", written over a horizontal line.

Mayor



A handwritten signature in blue ink, written over a horizontal line.

City Clerk

City of Charles Town
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Tax-Exempt);
and
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Tax-Exempt)

TAX CERTIFICATE

The undersigned Mayor of the City of Charles Town (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$2,750,000 aggregate principal amount of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Tax-Exempt) (the "Series 2015 A Bonds") and \$4,355,000 aggregate principal amount of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Tax-Exempt) (the "Series 2015 B Bonds") (collectively, the "Series 2015 Bonds") hereby certifies as set forth in this Tax Certificate, on November 19, 2015 (the "Tax Certificate"). The Series 2015 Bonds are being issued and delivered on November 19, 2015, pursuant to Article 20 of Chapter 8 of the Code of West Virginia of 1931, as amended, and the Bond Ordinances enacted by the Issuer on August 17, 2015, as supplemented by the Supplemental Parameters Resolution, adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (collectively, the "Bond Legislation").

A. DEFINITIONS

Any capitalized word or term used herein shall have the meanings set forth in Exhibit D, but if not defined in Exhibit D shall have the meaning set forth in the Bond Legislation.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. I am an officer of the Issuer charged with the responsibility for issuing the Series 2015 Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This Tax Certificate sets forth various facts regarding the Series 2015 Bonds and establishes the expectations of the Issuer as to future events regarding the Series 2015 Bonds and the use of the proceeds thereof. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Regulations §1.148-2(b)(2). This Tax Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Series 2015 Bonds in order that interest thereon will be excluded from gross income for Federal income tax purposes.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on the date hereof, the date on which the Series 2015 Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Bond Legislation that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2015 Bonds which would cause the Series 2015 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without limitation, the timely filing of a federal information return with respect to the Series 2015 Bonds), so that the interest on the Series 2015 Bonds will be and remain excluded from gross income for federal income tax purposes, and that it will not take any actions which would adversely affect such exclusion.

6. The Series 2015 Bonds were sold on October 20, 2015, to the Underwriter for a purchase price of \$7,164,569.80 (par amount of \$7,105,000, plus net original issue premium of \$175,026.05 and less underwriter's discount of \$115,456.25). No other obligations are (i) being sold at substantially the same time (within 15 days) as the Series 2015 Bonds, (ii) being sold pursuant to the same plan of financing, and (iii) are reasonably expected to be paid from substantially the same source of funds as the Series 2015 Bonds, determined without regard to guarantees from unrelated parties.

7. The Series 2015 Bonds are being delivered simultaneously with the delivery of this Tax Certificate and are issued for the following purposes:

- (a) to provide funds to currently refund the Issuer's outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000 (the "Series 2002 C Bonds") and Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 (the "Series 2009 A Bonds");
- (b) to pay the premium for a municipal bond debt service reserve insurance policy for the Series 2015 A Bonds (the "Series 2015 A Reserve Policy"), issued by Build America Mutual Assurance Company ("BAM Assurance");
- (c) to pay the premium for a municipal bond insurance policy for the Series 2015 A Bonds (the "Series 2015 A Insurance Policy") from BAM Assurance;
- (d) to pay the premium for a municipal bond debt service reserve insurance policy for the Series 2015 B Bonds (the "Series 2015 B Reserve Policy") from BAM Assurance;
- (e) to pay the premium for a municipal bond insurance policy for the Series 2015 B Bonds (the "Series 2015 B Insurance Policy") from BAM Assurance; and
- (f) to pay certain costs of issuance of the Series 2015 Bonds and related costs.

8. The sources of proceeds of the Series 2015 Bonds are as follows:

SOURCES

Par Amount of the Series 2015 A Bonds	\$2,750,000.00
Par Amount of the Series 2015 B Bonds	4,355,000.00
Series 2002 C Bonds DSR Fund	259,101.49
Series 2002 C Bonds Sinking Fund	176,543.75
Series 2009 A Bonds DSR Fund	657,166.01
Series 2009 A Bonds Sinking Fund	45,349.43
Net Original Issue Premium	<u>175,026.05</u>
Total	<u>\$8,418,186.73</u>

9. The proceeds of the Series 2015 Bonds will be applied as follows:

USES

Refund the Series 2002 C Bonds	\$3,132,026.25
Refund the Series 2009 A Bonds	5,002,020.71
Reserve Policy Premium	20,844.70
Insurance Policy Premium	43,798.51
Underwriter's Discount	115,456.25
Costs of Issuance for 2015 Bonds/Rounding	<u>104,040.31</u>
Total	<u>\$8,418,186.73</u>

10. The Underwriter has certified in the Underwriter's Certificate, dated the date hereof, a copy of which is attached hereto as EXHIBIT A (the "Underwriter's Certificate"), that the Series 2015 Bonds have been offered, and a substantial amount of each maturity (at least 10%) thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial respective offering prices shown on the cover page of the Official Statement for the Series 2015 Bonds.

11. The yield on the Series 2015 Bonds is the discount rate that, when used in computing the present value as of the Issue Date of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Series 2015 Bonds produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Series 2015 Bonds as of the Sale Date, which was October 20, 2015. In order for the guarantee of the Series 2015 Bonds (including, collectively, the Insurance Policy and the Reserve Policy) to be a "qualified guarantee," the following requirements are met:

- (a) The Issuer reasonably expects as of the date hereof that the present value of the guarantee fees is less than the present value of the interest savings on the Series 2015 Bonds. For this purpose, as calculated by the Underwriter, present value was determined with regard to the premiums on the Insurance Policy and the Reserve Policy at the discount rate.
- (b) The Insurance Policy and the Reserve Policy each impose a secondary liability that unconditionally shifts substantially all of the credit risk for all or part of the payments of debt service on the Series 2015 Bonds to BAM Assurance. BAM Assurance is not a co-obligor with the Issuer on the Series 2015 Bonds. That is, BAM Assurance does not expect to make any payments other than under an arrangement under which the guarantor will be

immediately reimbursed. BAM Assurance and any related parties will not use more than 10% of the proceeds of the Series 2015 Bonds.

- (c) Fees for the Series 2015 A Insurance Policy and the Series 2015 A Reserve Policy in the amounts of \$17,767.08 and \$6,871.32, respectively, do not exceed a reasonable, arm's length charge for the transfer of credit risk, as certified by the Underwriter.
- (d) Fees for the Series 2015 B Insurance Policy and the Series 2015 B Reserve Policy in the amounts of \$26,031.43 and \$13,973.38, respectively, do not exceed a reasonable, arm's length charge for the transfer of credit risk, as certified by the Underwriter.
- (e) The respective premiums paid to BAM Assurance do not include any payment for any direct or indirect services other than the transfer of credit risk.

12. As determined by the Underwriter, the Yield on the Series 2015 Bonds, which are fixed yield bonds as described in Regulations §1.148-4(b), was determined by treating those Series 2015 A Bonds maturing in the years 2022 through 2027 and 2030 as being redeemed on December 1, 2021 and those Series 2015 B Bonds maturing in the years 2022 through 2025 as being redeemed on October 1, 2021 (collectively, the "Yield-to-Call Bonds"), the earliest date on which the Yield-to-Call Bonds can be redeemed producing the lowest yield on the Series 2015 Bonds.

Based on the above, the yield on the Series 2015 Bonds, as so computed and certified by the Underwriter, has been determined to be 2.54947% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Series 2015 Bonds.

13. For purposes of determining whether the Series 2015 Bonds are private activity bonds, the Issuer makes the following representations. For this purpose, the proceeds of the Series 2015 Bonds used for refunding purposes are treated in the same manner as the Bonds to be Refunded.

(i) Not more than ten percent (10%) of the proceeds of the Series 2015 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 Series 2015 Bonds and the Bonds to be Refunded will, during the Combined Measurement Period, 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 Issuer), 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 five percent (5%) of the proceeds of the Series 2015 Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iv) The Project will not over the Combined Measurement Period be used in such a manner that more than ten percent (10%) of the proceeds of the Series 2015 Bonds will be used in the trade or business of a nongovernmental person. No user of the Project other than a state or

local governmental unit has or will during the Combined Measurement Period 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.

C. THE SERIES 2015 BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2015 Bonds are detailed in the Issuer's Certificate of Determinations attached hereto as EXHIBIT E.

2. A Sinking Fund for the Series 2015 A Bonds is created under the Bond Legislation. Monies deposited in the Series 2015 A Bonds Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of one twelfth (1/12th) of the annual debt service on the Series 2015 A Bonds. The Series 2015 A Bonds Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2015 A Bonds within each Bond Year. All monies held in the Series 2015 A Bonds Sinking Fund will be used to pay debt service on the Series 2015 A Bonds. The Series 2015 A Bonds Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2015 A Bonds Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

3. A Sinking Fund for the Series 2015 B Bonds is created under the Bond Legislation. Monies deposited in the Series 2015 B Bonds Sinking Fund, including subsequent deposits thereto, will be spent within a 13 month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of one twelfth (1/12th) of the annual debt service on the Series 2015 B Bonds. The Series 2015 B Bonds Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2015 B Bonds within each Bond Year. All monies held in the Series 2015 B Bonds Sinking Fund will be used to pay debt service on the Series 2015 B Bonds. The Series 2015 B Bonds Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2015 B Bonds Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

4. A Series 2015 A Bonds Reserve Account is created under the Bond Legislation for the Series 2015 A Bonds in an aggregate amount equal to the least of (i) 10% of the original principal amount of the Series 2015 A Bonds, (ii) Maximum Annual Debt Service on the Series 2015 A Bonds, or (iii) 125% of average annual Debt Service on the Series 2015 A Bonds (the "Series 2015 A Reserve Account Requirement"). The Series 2015 A Reserve Account has been financed with the Series 2015 A Reserve Account Policy for an amount equal to the Maximum Annual Debt Service on the Series 2015 A Bonds, that is, an amount of \$211,425.00, the premium for which in the amount of \$6,871.32 was paid with proceeds of the Series 2015 A Bonds.

5. A Series 2015 B Bonds Reserve Account is created under the Bond Legislation for the Series 2015 B Bonds in an aggregate amount equal to the least of (i) 10% of the original principal amount of the Series 2015 B Bonds, (ii) Maximum Annual Debt Service on the Series 2015 B Bonds, or (iii) 125% of average annual Debt Service on the Series 2015 B Bonds (the "Series 2015 B Reserve Account Requirement"). The Series 2015 B Reserve Account has been financed with the Series 2015 B Reserve Account Policy for an amount equal to the Maximum Annual Debt Service on the Series 2015 B Bonds, that is, an amount of \$429,950.00, the premium for which in the amount of \$13,973.38 was paid with proceeds of the Series 2015 B Bonds.

6. A Renewal and Replacement Fund is created, or continued, under the Bond Legislation, to be funded through monthly deposits of Revenues in an amount equal to 2.5% of the Gross Revenues of the System. Absent an Event of Default on the Series 2015 Bonds, and depletion in full of the Reserve Account or a call on the Reserve Account Policy without reimbursement to BAM Assurance, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Series 2015 Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

7. A Redemption Account for the Series 2015 Bonds is created under the Bond Legislation. In the event monies are deposited into the Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Series 2015 Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

8. A Costs of Issuance Fund is created under the Bond Legislation to be funded from proceeds of the Series 2015 Bonds in the amount of \$104,040.31. The Costs of Issuance include only those amounts directly related to the costs of issuance, sale and delivery of the Series 2015 Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

9. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2015 Bonds or which are pledged as collateral to secure repayment of Debt Service thereon and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2015 Bonds.

10. Accrued interest, if any, with respect to the Series 2015 Bonds in an amount less than 6 month's interest on the Series 2015 Bonds may be applied within one year from the date hereof toward the payment of interest first due on the Series 2015 Bonds, as detailed in the Schedules. There is no pre-issuance accrued interest on the Series 2015 Bonds.

11. No portion of the Series 2015 Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Series 2015 Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Series 2015 Bonds.

12. The Issuer certifies, warrants and covenants that the Series 2015 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 the related Regulations, thereby enabling the Issuer 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 purposes of the Series 2015 Bonds.

D. REBATE

1. Application of 6 Month Expenditure Exception from Rebate. The Issuer expects to expend all of the gross proceeds of the Series 2015 Bonds within 6 months of the issue date of the Series 2015 Bonds and for the issue to be exempt from rebate pursuant to the “6 month rebate exception” set forth in Section 148(f)(4)(B) of the Code. Should the Issuer fail to expend all of such gross proceeds within such 6 month then the Issuer shall comply with the rebate computation and payment requirements set forth in the remainder of this Section D.

2. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Section C hereof, all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Bond Legislation, the Issuer has created the Rebate Fund. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Monies so deposited shall be derived from the Issuer’s own funds.

(c) On each Valuation Date, the Issuer agrees to value the Nonpurpose Investments allocable to the Series 2015 Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2015 Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

(d) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section D.3. hereof) agrees and covenants to take the following actions:

(i) For each investment of (x) amounts held in the Reserve Account, and (y) any other monies held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Series 2015 Bonds as required by the Code and Regulations. If any of the Series 2015 Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2015 Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above that are allocable to Gross Proceeds of the Series 2015 Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2015 Bonds, any unrealized gains or losses as of the date of retirement of the Series 2015 Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2015 Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap, as set forth in Regulations §1.148-6(b)(2). In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2015 Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed \$100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2015 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2015 Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

3. Payment to United States. (a) Installment Computation Dates. Unless the Series 2015 Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Series 2015 Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2015 Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2015 Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Series 2015 Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Internal Revenue Service Center, Ogden, Utah 84201-0027, or such other address for such purpose published by the Internal Revenue Service. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2015 Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Series 2015 Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until three years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2015 Bonds until six years after the Final Computation Date.

4. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

5. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2015 Bonds.

6. No Transferred Proceeds. Other than transfers from the debt service funds and debt service reserve funds for the Bonds to be Refunded which will be used on December 1, 2015 to pay a portion of the costs of redeeming the Bonds to be Refunded, there are no remaining unspent proceeds of the Bonds to be Refunded that will become transferred proceeds of the Series 2015 Bonds.

E. MISCELLANEOUS

1. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. For purposes of filing the Form 8038-G with the Internal Revenue Service, the Issuer's EIN is 55-6000159. The Form 8038-G attached hereto as EXHIBIT B is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

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 Issuer hereby agrees to instruct the Bond Commission to establish separate funds, accounts or subaccounts or to take other accounting measures in order to account fully for all Gross Proceeds.

2. The Issuer agrees to continue to monitor the use of the facilities and the expenditure of proceeds of the Series 2015 Bonds in order to ensure compliance with the relevant tax rules and regulations required so that the interest on the Series 2015 Bonds will be excluded from gross income for federal income tax purposes. The Issuer will use the compliance policies attached hereto as EXHIBIT C. The Issuer further agrees and understands that if the Tax Exempt Rules are not complied with, the Issuer, in consultation with Bond Counsel, may use (i) the remedial actions set forth in Regulations §1.141-12, or (ii) the voluntary closing agreement process of the Internal Revenue Service in order to bring the Series 2015 Bonds into compliance with the Tax-Exempt Rules.

3. None of the proceeds of the Series 2015 Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Series 2015 Bonds will not exceed the amount necessary for the governmental purposes thereof.

5. The Issuer shall not permit at any time or times any of the proceeds of the Series 2015 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2015 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2015 Bonds as "private activity bonds" within the meaning of the Code.

6. The Series 2015 Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

7. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2015 Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2015 Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

8. No portion of the proceeds of the Series 2015 Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2015 Bonds.

9. In connection with the Series 2015 Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including

without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2015 Bonds or any contract securing the Series 2015 Bonds or any arrangement providing for compensating, or minimum balances to be maintained by the Issuer or related governmental agencies with, any registered owner of the Series 2015 Bonds.

10. The Series 2015 Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage; or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

11. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. 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, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes.

12. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Series 2015 Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2015 Bonds from the gross income of the holders thereof. In addition, and notwithstanding any other provision hereof, any provision of this Tax Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2015 Bonds from gross income of the recipients thereof for federal income tax purposes.

13. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exemption of the interest on the Series 2015 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2015 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code. The Issuer 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 the Bond Legislation.

14. The par amount of the Series 2015 Bonds equal to the outstanding par amount of the Series 2002 C Bonds and the Series 2009 A Bonds on the date such bonds are defeased with proceeds of the Series 2015 Bonds, \$6,955,000 is "deemed designated" pursuant to Section 265(b) of the Code. The City has designated the remaining par amount of the Series 2015 Bonds, \$150,000, as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code. The Series 2015 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and not more than \$10,000,000 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 described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2015 Bonds, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2015.

15. For purposes of complying with Regulations §1.148-2(b), an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Mayor of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in Regulations §1.148-2(b) and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2015 Bonds.

16. To the best of my knowledge, information and belief there are no other facts, estimates and circumstances which would materially change the representations, expectations, covenants, certifications and statements herein expressed.

17. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions with respect to the issuance, sale and delivery of the Series 2015 Bonds, including its opinions regarding the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes.

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DATED as of the day and year first written above.

CITY OF CHARLES TOWN
WEST VIRGINIA

By: 

Name: Peggy Smith

Its: Mayor

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 24]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 36]

EXHIBIT C

TAX COMPLIANCE POLICIES

[Included in Transcript as Document No. 22]

EXHIBIT D

DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations.

“Bona Fide Debt Service Fund” means a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the Series 2015 Bonds for the immediately preceding Bond Year.

“Bond Counsel” means the law firm or firms delivering its or their approving opinion or opinions with respect to the issuance of the Series 2015 Bonds and the exclusion of interest on the Series 2015 Bonds from gross income for the purposes of federal income taxation.

“Bonds to be Refunded” means, collectively, the Series 2002 C Bonds and the Series 2009 A 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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

“Bond Yield” means the yield of the Series 2015 Bonds, calculated in accordance with the provisions of Regulations §1.148-4. (See Sections B.11. and B.12. hereof.)

“Code” means the Internal Revenue Code of 1986, as amended.

“Combined Measurement Period” means the period beginning on December 20, 2002 (the date of issuance of the Series 2002 C Bonds) and ending on December 1, 2032 (the maturity date of the Series 2015 Bonds).

“Computation Date” means each Installment Computation Date and the Final Computation Date.

“Costs of Issuance” means all costs incurred in connection with the issuance of the Series 2015 Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriter's spread (whether realized directly or derived through purchase of the Series 2015 Bonds at a discount below the price at which a substantial number of Series 2015 Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Series 2015 Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Series 2015 Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Series 2015 Bonds;

(f) accountant fees related to issuance of the Series 2015 Bonds;

(g) printing costs (for the Series 2015 Bonds and of preliminary and final offering materials); and

(h) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"Discharged" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment, and no interest shall accrue with respect to the Bond after such date.

"Fair Market Value" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bids from providers that have no material financial interest in the issue (e.g., as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw-down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection therewith.

(c) Safe Harbor for Establishing Fair Market Value for Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"Final Computation Date" means the date on which the last Bond is Discharged.

"Future Value" means the amount determined by using the following formula:

$$FV = PV(1+i)^n$$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose

receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

n = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

“**Gross Proceeds**” means Proceeds and Replacement Proceeds of the Series 2015 Bonds within the meaning of the Regulations.

“**Installment Computation Date**” means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

“**Investment**” means any security, obligation, annuity contract, or investment type property as defined in Section 148(b) of the Code.

“**Investment Proceeds**” means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

“**Issue Date**” means December 1, 2015.

“**Issue Price**” means \$7,280,026.05 being the Issue Price of the Series 2015 Bonds. (*See* Section B.10. hereof.)

The Issue Price is the initial offering price to the public at which price a substantial amount of the Series 2015 Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term “the public” does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Series 2015 Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of Series 2015 Bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Series 2015 Bonds may not exceed their fair market value as of the sale date.

“**Net Sale Proceeds**” means Sale Proceeds less the amount of those Sale Proceeds invested in a reasonably required reserve or replacement fund under Section 148(d) of the Code and as part of a minor portion under Section 148(e) of the Code.

“**Nonpurpose Investment**” means any Investment that is not acquired to carry out the governmental purpose of an issue.

“**Payment**” means a payment as defined in Regulations §1.148-3(d) for purposes of computing the Rebate Amount, and a payment as defined in Regulations §1.148-5(b) for purposes of computing the Yield on an Investment.

“**Present Value**” means the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

$$(1+i)^n$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

“Present Value of an Investment” means the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Series 2015 Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

“Proceeds” means any Sale Proceeds and Investment Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under Regulations §1.148-2(d) or Section 143(g) of the Code or to qualified administrative cost recoverable under Regulations §1.148-5(e).

“Project” means collectively the improvements financed with the proceeds of the Bonds to be Refunded.

“Rebate Amount” means, in respect of the Series 2015 Bonds, the amount determined pursuant to the Code and Regulations in accordance with Section E.1. hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2015 Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

“Rebate Analyst” means the entity or person chosen by the Issuer in accordance with Section E.3. hereof to determine the Rebate Amounts.

“Rebate Payment Date” means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the Internal Revenue Service. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

“Receipt” means a receipt as defined in Regulations §1.148-3(d) for purposes of computing the Rebate Amount, and a receipt as defined in Regulations §1.148-5(b) for purposes of computing Yield on an Investment.

“Regulation” or **“Regulations”** means the temporary, proposed or final Income Tax Regulations promulgated pursuant to Sections 103 and 141 through 150 of the Code, including those Income Tax Regulations promulgated under Section 103(c) of the Internal Revenue Code of 1954, as amended, that are applicable pursuant to the Code.

“Replacement Proceeds” means amounts that are treated as replacement proceeds of an issue of bonds under Regulations §1.148-1(c). Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to,

sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

“Sale Proceeds” means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter’s discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2015 Bond and that is described in Regulations §1.148-4(b)(4).

“Tax-Exempt Bond” means any tax-exempt bond within the meaning of Section 103 of the Code and Regulations §1.150-1 that is not investment property within the meaning of Section 148(b)(3) of the Code.

“Underwriter” means Crews and Associates, Inc., Charleston, West Virginia.

“Valuation Date” means the date on which the value of the Nonpurpose Investments allocable to the Series 2015 Bonds thereunder must be determined under Regulations §1.148-6. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date.

“Value of a Bond” means the value of a bond determined under Regulations §1.148-4(e). Under those Regulations, value generally means:

(a) In the case of a plain par bond (within the meaning of Regulations §1.148-1(b)), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and

(b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bond is a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

“Value of an Investment” means the value of an investment determined under Regulations §1.148-5(d). Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of Regulations §1.148-1(b)) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of Regulations §1.148-1(b)), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

“Yield” or **“yield”** means the yield computed under Regulations §1.148-4 of the Regulations for the Series 2015 Bonds, and the yield computed under Regulations §1.148-5 for an Investment.

“Yield Restricted Investments” means any Investments which either (1) bear a yield that is not materially higher than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

EXHIBIT E

CERTIFICATE OF DETERMINATIONS

[Included in Transcript as Document No. 4]

TAX COMPLIANCE POLICY

CITY OF CHARLES TOWN (WEST VIRGINIA)

Purpose

Governmental issuers of tax-exempt and tax-credit bonds must comply with certain federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by the City of Charles Town, West Virginia (the “*Issuer*”), as the issuer, with these rules in connection with the issuance of the Issuer’s Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified) and Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (collectively, the “*Tax-Exempt Bonds*”). It is understood and agreed by the Issuer, and the Issuer has covenanted to take all actions necessary to maintain the Tax-Exempt Bonds as tax-exempt state and local bonds.

Tax Requirements Associated with Sale and Issuance of Bonds

Review and retention of tax documents related to the sale and issuance of Bonds will be supervised by the City Manager or his designee (the “*Oversight Officer*”).

- Form 8038-G (tax exempt bonds) will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which the bonds were issued. Filing of appropriate version or versions of Form 8038-G will be confirmed with bond counsel.

Expenditure of Proceeds for Governmental Costs

Expenditure of bond proceeds will be reviewed by the Oversight Officer.

- Bond proceeds will be disbursed pursuant to the Bond Ordinance, and will be a written order of an Authorized Officer, stating the date, amount and purpose of the disbursement.
- Requisitions must identify the financed property in conformity with the Tax and Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications as to the character and average economic life of the bond-financed property.
- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the

date a “declaration of intent” to reimburse the costs was adopted by the City. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.

- Requisitions will be in accordance with expectations to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the Tax-Exempt Bonds.
- If the 18-month spending exception to rebate applies, expenditure of gross proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:

15% within 6 months
60% within 12 months
100% within 18 months

- If the 2-year spending exception to rebate applies, expenditure of “available construction proceeds” will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:

10% within 6 months
45% within 12 months
75% within 18 months
100% within 24 months

Expenditure of Proceeds

In addition to the general review of expenditures described above, expenditure of proceeds of the Tax-Exempt Bonds will be reviewed by the Oversight Officer.

- Reserve funds cannot exceed the least of 10% of bond proceeds, maximum annual debt service, or 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.
- Only a small portion (5%) of the proceeds of Tax-Exempt Bonds can be used for operating expenses or other “working capital” costs. Requisitions for costs of the Project will accordingly be monitored to confirm that they are for capital costs of the Project.
- Investment earnings on sale proceeds of the Tax-Exempt Bonds will be tracked and will be requisitioned only for appropriate expenditures.

Use of Bond-Financed Property

Use of bond-financed property when completed and placed in service will be reviewed by the Oversight Officer.

- Average nonexempt use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds.
- Agreements with business users or non-profit organizations for lease or management or services contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property subject to the Bond Ordinance is bond-financed.
- Agreements with business users or other non-profit organizations for lease or management or services contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the 10% limit, as set forth in the Tax and Non-Arbitrage Certificate.
- No item of bond-financed property will be sold or transferred to a nonexempt party without advance arrangement of a "remedial action" under the applicable Income Tax Regulations.

Investments and IRS Filings

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Oversight Officer.

- Guaranteed investment contracts ("GIC") will be purchased only using the three-bid "safe harbor" of applicable Income Tax Regulations, in compliance with fee limitations on GIC brokers in the Income Tax Regulations.
- Other investments will be purchased only in market transactions.
- Calculations of rebate liability will be performed annually by outside consultants.
- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.
- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

Records

Management and retention of records related to tax-exempt bond issues will be supervised by the Oversight Officer.

- Records will be retained for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
- Retainable records pertaining to the Tax-Exempt Bonds include transcript of documents executed in connection with the issuance of the bonds (including authorizing resolutions, Bond Ordinance, Form 8038-G, and Tax and Non-Arbitrage Certificate) and any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T.
- Retainable records pertaining to expenditures of bond proceeds include requisitions, accounting statements and final allocation of proceeds.
- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.
- Retainable records pertaining to investments include GIC documents under the Income Tax Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

Amendment

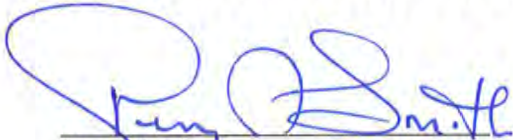
This Tax Compliance Policy may be amended and/or modified by the Mayor as required from time to time to ensure ongoing compliance by the City with requirements related to tax-exempt bonds, such as the Tax-Exempt Bonds. Such amendments and/or modifications shall not require any action by City Council.

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Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer.

CITY OF CHARLES TOWN, WEST VIRGINIA

A handwritten signature in blue ink, appearing to read "Tom Smith", written over a horizontal line.

By: Mayor

Date: November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

REGISTRAR'S CERTIFICATE


United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies this 19th day of November, 2015 as follows, all capitalized terms used herein have the same meanings set forth in the Ordinance of the City of Charles Town (the "Issuer") enacted August 17, 2015, as supplemented by a Supplemental Parameters Resolution adopted September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (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.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
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.

WITNESS my signature on the day and year first written above.

UNITED BANK, INC.

By: Jacob Anderson
Its: Authorized Officer

144220.00036

EXHIBIT A
Resolution of Board of Directors

(on file with Registrar)

EXHIBIT B

City of Charles Town

SERIES 2015 B BOND TERMS

<u>Bond No.</u>	<u>Maturity Date</u> (October 1)	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
BR-1	2016	\$295,000	2.000%	0.750%	160028 EF9
BR-2	2017	320,000	2.000%	1.000%	160028 EG7
BR-3	2018	330,000	2.000%	1.250%	160028 EH5
BR-4	2019	335,000	1.500%	1.500%	160028 EJ1
BR-5	2020	340,000	1.750%	1.750%	160028 EK8
BR-6	2021	345,000	2.000%	2.000%	160028 EL6
BR-7	2022	350,000	3.000%	2.000%*	160028 EM4
BR-8	2023	365,000	3.000%	2.100%*	160028 EN2
BR-9	2024	375,000	4.000%	2.000%*	160028 EP7
BR-10	2025	390,000	3.000%	2.350%*	160028 EQ5
BR-11	2028	910,000	3.000%	2.800%*	160028 ER3

* Priced to 10/01/2021 optional par call.

City of Charles Town
 Combined Waterworks and Sewerage System
 Refunding Revenue Bonds, Series 2015 A (Bank Qualified) and
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

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 \$7,105,000, dated November 19, 2015 (the “Bonds”) of the City of Charles Town (the “Issuer”), hereby certifies that:

1. The Underwriter and the Issuer on October 20, 2015 (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:

Combined Waterworks and Sewerage System Refunding Revenue Bonds,
 Series 2015 A (Bank Qualified)

<u>Bond No.</u>	<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Initial Offering Price</u>	<u>Dollar Price</u>
AR-1	2016	\$130,000	101.284%	\$131,669.20
AR-2	2017	135,000	102.007%	137,709.45
AR-3	2018	140,000	102.225%	143,115.00
AR-4	2019	140,000	100.000%	140,000.00
AR-5	2020	145,000	100.000%	145,000.00
AR-6	2021	145,000	100.000%	145,000.00
AR-7	2022	150,000	105.656%*	158,484.00
AR-8	2023	155,000	105.074%*	162,864.70
AR-9	2024	160,000	104.496%*	167,193.60
AR-10	2025	160,000	103.635%*	165,816.00
AR-11	2026	165,000	102.783%*	169,591.95
AR-12	2027	170,000	101.659%*	172,820.30
AR-13	2030	555,000	104.142%*	577,988.10
AR-14	2032	400,000	97.388%	<u>389,552.00</u>
			Total	2,806,804.30
			Accrued Interest	-0-

TOTAL

\$2,806,804.30

* Priced to December 1, 2021 par call.

Combined Waterworks and Sewerage System Refunding Revenue Bonds,
Series 2015 B (Bank Qualified)

<u>Bond No.</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>Initial Offering Price</u>	<u>Dollar Price</u>
BR-1	2016	\$295,000	101.077%	\$298,177.15
BR-2	2017	320,000	101.844%	325,900.80
BR-3	2018	330,000	102.104%	336,943.20
BR-4	2019	335,000	100.000%	335,000.00
BR-5	2020	340,000	100.000%	340,000.00
BR-6	2021	345,000	100.000%	345,000.00
BR-7	2022	350,000	105.508%*	369,278.00
BR-8	2023	365,000	104.941%*	383,034.65
BR-9	2024	375,000	111.017%*	416,313.75
BR-10	2025	390,000	103.541%*	403,809.90
BR-11	2028	910,000	101.073%*	<u>919,764.30</u>
Total				4,473,221.75
Accrued Interest				-0-
TOTAL				<u>\$4,473,221.75</u>

* Priced to October 1, 2021 par call.

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 Insurance Policy purchased in the amount of \$17,767.08 pursuant to the Ordinance for the Series 2015 A Bonds is reasonable and beneficial for the marketability of the Series 2015 A Bonds.

5. The Insurance Policy purchased in the amount of \$26,031.43 pursuant to the Ordinance for the Series 2015 B Bonds is reasonable and beneficial for the marketability of the Series 2015 B Bonds.

6. The Surety Bond purchased in the amount of \$6,871.32 pursuant to the Bond Legislation for the debt service reserve for the Series 2015 A Bonds is reasonable and beneficial for the marketability of the Series 2015 A Bonds.

7. The Surety Bond purchased in the amount of \$13,973.38 pursuant to the Bond Legislation for the debt service reserve for the Series 2015 B Bonds is reasonable and beneficial for the marketability of the Series 2015 B Bonds.

8. The Underwriter hereby confirms that the issue price of the Series 2015 Bonds, calculated in accordance with Treas. Regs. Section 1.148-1(b) is \$7,280,026.05.

Par Amount of Series 2015 Bonds	\$7,105,000.00
<u>Plus: Net Original Issue Premium</u>	<u>175,026.05</u>
Issue Price	\$7,280,026.05

9. The Underwriter hereby confirms that the yield on the Series 2015 Bonds, calculated in accordance with Treasury Regulations Section 1.148-4 is 2.5494697%.

10. The Bond Yield included the following: (i) Bond Insurance Premiums; (ii) Surety Bond Fees; (iii) Series 2015 A Bonds maturing in the years 2022, 2023, 2024, 2025, 2026, 2027 and 2030 were assumed to be called on December 1, 2021 par call date; and (iv) Series 2015 B Bonds maturing in the years 2022, 2023, 2024 and 2025 were assumed to be called on October 1, 2021 par call date.

11. The Underwriter hereby confirms that the weighted average maturity of the Series 2015 Bonds, based on the issue price of the Series 2015 Bonds from their date of issue (and not on the basis of the principal amount of the Bonds from their dated date) is 7.959 years.

12. The Bonds are issued as fixed-rate bonds.

13. 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 \$115,456.25.

14. 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.


15. 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: November 19, 2015.

CREWS & ASSOCIATES, INC.

By:



Gregory B. Isaacs

Its: Senior Managing Director



November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank Qualified); and
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank
Qualified)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Crews & Associates
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges as set forth in the Water Rate Ordinance enacted on April 15, 2008 and Sewer Rate Ordinances enacted by the City of Charles Town (the "Issuer") on September 3, 2013 and the projected operating expenses and the 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 (the "System") of the Issuer, will pay all operating 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 Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), in the original aggregate principal amount of \$2,750,000; and Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of \$4,355,000 (collectively, the "Series 2015 Refunding Bonds"), and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2015 Refunding Bonds, including the Issuer's:

- (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629 (the "Series 1987 B Bonds");
- (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of \$295,916 (the "Series 1988 B-1 Bonds");

- (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of \$558,000 (the "Series 1988 B-2 Bonds");
- (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480 (the "Series 1989 B Bonds");
- (5) Combined Waterworks and Sewerage System 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 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");
- (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");
- (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");
- (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");
- (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");
- (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");

(15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");

(16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,000 (the "Series 2014 A Bonds");

(17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");

(18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds"); and

(19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds") (collectively referred to as the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2015 Refunding Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of the Series 2015 Refunding Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2015 Refunding Bonds and the Prior Bonds.

Sincerely,

Decker & Company PLLC

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 15, 2015

NEW ISSUE – BOOK ENTRY ONLY

RATING: Standard & Poor’s: Insured “AA”

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”), (ii) such interest is not a specific item of tax preference for purposes of the Federal individual or corporate alternative minimum taxes; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations and (iii) the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia. In addition, Bond Counsel is of the opinion that the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The above opinions are subject to certain limitations and exceptions. See “TAX MATTERS” herein.

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS**

\$2,925,000* SERIES 2015 A (BANK-QUALIFIED) \$4,385,000* SERIES 2015 B (BANK-QUALIFIED)

Dated: Date of Delivery

Due: As shown on inside cover.

The City of Charles Town’s Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified) (the “Series 2015 A Bonds”) and the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the “Series 2015 B Bonds” and together with the Series 2015 A Bonds, collectively, the “Series 2015 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 2015 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 2015 Bonds will be in book-entry form only. Semiannual interest on the Series 2015 A Bonds is payable beginning June 1, 2016, and each June 1 and December 1 thereafter. Semiannual interest on the Series 2015 B Bonds is payable beginning April 1, 2016, and each April 1 and October 1 thereafter. So long as the Series 2015 Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2015 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 Ordinances (defined herein) and any Supplemental Resolutions (defined herein), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2015 Bonds. See “THE SERIES 2015 BONDS” herein and “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” attached hereto.

The proceeds of the Series 2015 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the “Series 2002 C Bonds”); (ii) fund the Series 2015 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the “Series 2015 A Reserve Policy”) from Build America Mutual Assurance Company (“BAM” or “Bond Insurer”); (iii) pay the premium for a municipal bond insurance policy (the “Series 2015 A Insurance Policy”) from the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 A Bonds and related costs. The proceeds of the Series 2015 B Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (Tax-Exempt) (the “Series 2009 A Bonds”); (ii) fund the Series 2015 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the “Series 2015 B Reserve Policy”) from the Bond Insurer; (iii) pay the premium for a municipal bond insurance policy (the “Series 2015 B Insurance Policy”) from the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 B Bonds and related costs.

The principal amount of the Series 2015 A Bonds equal to the outstanding par amount of the Series 2002 C Bonds (when defeased) and the principal amount of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2009 A Bonds (when defeased) is deemed designated “for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. The City has designated the remaining principal amounts of the Series 2015 Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “Tax Matters” for additional information.

The scheduled payment of principal of and interest on the Series 2015 A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series A 2015 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. The scheduled payment of principal of and interest on the Series 2015 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 B Bonds by **BUILD AMERICAN MUTUAL ASSURANCE COMPANY**. For a description of the Policies and the Bond Insurer, see “BOND INSURANCE” herein. For forms of the Policies, see “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY” hereto.



The Series 2015 Bonds are payable from and secured by the Gross Revenues (as defined herein) 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 (defined herein) and from funds on deposit in the Series 2015 Bonds Sinking Funds and the Series 2015 Bonds Reserve Accounts therein, all as more fully described herein. The Series 2015 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 2015 Bonds, except from the Gross Revenues and such funds on deposit. No Owner or Owners of the Series 2015 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2015 Bonds or the interest thereon.

The Series 2015 Bonds are subject to optional, extraordinary and mandatory redemption prior to maturity as described herein.

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 2015 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. Hoy G. Shingleton, Jr., Esquire, Martinsburg, West Virginia, counsel to the City of Charles Town Utility Board (the “Board”), will pass on certain matters for the Board. Steptoe & Johnson PLLC, Charleston, West Virginia, counsel to the City, will pass on certain matters for the City. 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 2015 Bonds will be available for delivery through the facilities of DTC on or about November __, 2015.

Dated: _____, 2015
* Preliminary, subject to change.



This Preliminary Official Statement and the information contained herein are subject to completion and amendment. 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 these securities, 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. The City deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof and certain pages herein which have been omitted in accordance with said Rule and which will be supplied in the final Official Statement.

**CITY OF CHARLES TOWN (WEST VIRGINIA)
 COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS**

Maturities, Amounts, Interest Rates, Prices & CUSIPS**

\$ _____ * **SERIES 2015 A SERIAL BONDS (BANK-QUALIFIED)**

Maturity (December 1)	Amount*	Interest Rate	Price	CUSIP**
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				

\$ __, __, __ * _____ % **TERM BONDS DUE DECEMBER 1, 20__** AT _____ % **CUSIP****: _____
 \$ __, __, __ * _____ % **TERM BONDS DUE DECEMBER 1, 20__** AT _____ % **CUSIP****: _____

\$ _____ * **SERIES 2015 B SERIAL BONDS (BANK-QUALIFIED)**

Maturity (October 1)	Amount*	Interest Rate	Price	CUSIP**
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				

\$ __, __, __ * _____ % **TERM BONDS DUE OCTOBER 1, 20__** AT _____ % **CUSIP****: _____

* Preliminary, subject to change.

** CUSIP data 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 2015 Bonds only at the time of issuance of the Series 2015 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 2015 Bonds.

CITY OF CHARLES TOWN, WEST VIRGINIA

Peggy A. Smith, Mayor

CITY COUNCIL

Richard J. Bringewatt
Jonathan Wertman
Chester A. Hines
Nick Zaglifa

Bob Trainer
Ann Paonessa
Sandra Slusher McDonald
Michael Tolbert

CITY MANAGER

David Mills

CITY CLERK

Kiya Tabb

CHARLES TOWN UTILITY BOARD

David Mills, Chairman
Charles W. Kline
Pete Kubic, PE
Kristen Stolipher
Thomas W. Stocks

UTILITY MANAGER

Jane E. Arnett, CPA

BOND COUNSEL

Step toe & 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 2015 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 (the “City”) or the Underwriter to give any information or to make any representations, other than as is 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 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, 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 and other sources believed 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.

The Series 2015 Bonds shall not be or constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, and from the funds on deposit in the respective Sinking Funds for the Series 2015 Bonds and the respective Reserve Accounts for the Series 2015 Bonds therein, and the unexpended proceeds of the Series 2015 Bonds, with respect to the Series 2015 Bonds all as herein provided. No Holder or Holders of the Series 2015 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power, if any, of the City to pay the Series 2015 Bonds or the interest thereon.

Bond Insurance Policy

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under “APPENDIX I – BOND INSURANCE,” “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

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.”

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE.

The Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR 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 2015 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 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
\$2,925,000* SERIES 2015 A (BANK-QUALIFIED) \$4,385,000* SERIES 2015 B (BANK-QUALIFIED)

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 Combined Waterworks and Sewerage System Refunding Revenue Bonds, \$2,925,000* Series 2015 A (Bank-Qualified) (the “Series 2015 A Bonds”) and the City’s Combined Waterworks and Sewerage System Refunding Revenue Bonds, \$4,385,000* Series 2015 B (Bank-Qualified) (the “Series 2015 B Bonds” and together with the Series 2015 A Bonds, collectively, the “Series 2015 Bonds”). The Series 2015 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 Ordinances enacted by the City Council of the City on August 17, 2015 (the “Original Ordinances”), as supplemented and amended by Supplemental Parameters Resolutions adopted by the City Council of the City on September 21, 2015 (the “Supplemental Resolutions”) and Certificates of Determination executed by the Mayor on October __, 2015 (collectively with the Original Ordinances and the Supplemental Resolutions, the “Ordinances”). See “APPENDIX F – FORM OF ORDINANCES” attached hereto.

The proceeds of the Series 2015 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000, of which \$3,060,000 is outstanding as of September 30, 2015 (the “Series 2002 C Bonds”); (ii) fund the Series 2015 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the “Series 2015 A Reserve Policy”) from Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”); (iii) pay the premium for a municipal bond insurance policy (the “Series 2015 A Insurance Policy”) from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2015 A Bonds; and (iv) pay the costs of issuance of the Series 2015 A Bonds and related costs.

The City expects to call the Series 2002 C Bonds for redemption on or about December 1, 2015.

The proceeds of the Series 2015 B Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (Tax-Exempt), dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000, of which \$5,270,000 is outstanding as of September 30, 2015 (the “Series 2009 A Bonds”); (ii) fund the Series 2015 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the “Series 2015 B Reserve Policy”) from the Bond Insurer; (iii) pay the premium for a municipal bond insurance policy (the “Series 2015 B Insurance Policy”) from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2015 B Bonds; and (iv) pay the costs of issuance of the Series 2015 B Bonds and related costs.

The City expects to call the Series 2009 A Bonds for redemption on or about December 1, 2015.

Upon completion of the refunding of the Series 2002 C Bonds and the Series 2009 A Bonds, the City will have outstanding the following bonds which will rank on a parity with the Series 2015 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 (the “Series 1987 B Bonds”);

* Preliminary, subject to change.

- (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 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the “Series 2010 A Bonds”);
- (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the “Series 2010 B Bonds”);
- (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the “Series 2010 C Bonds”);
- (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the “Series 2010 D Bonds”);
- (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the “Series 2011 A Bonds”);
- (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the “Series 2013 A Bonds”);
- (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the “Series 2013 B Bonds”);
- (16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the “Series 2014 A Bonds”);
- (17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the “Series 2014 C Bonds”);

(18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the “Series 2014 D Bonds”); and

(19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the “Series 2014 E Bonds”).

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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.” As of September 30, 2015, the Prior Bonds were outstanding in the aggregate principal amount of approximately \$24,766,155 (unaudited).

The Series 2015 Bonds are payable from and secured by the Gross Revenues derived from the System on parity with one another and the Prior Bonds and from funds on deposit in the respective Sinking Funds for the Series 2015 Bonds and the respective Reserve Accounts for the Series 2015 Bonds therein. Pursuant to Section 7 of the Act, there is a statutory mortgage lien on the System in favor of the holders of the Series 2015 Bonds and the Prior Bonds which shall remain in place until payment in full of the principal of and interest on the Series 2015 Bonds and the Prior Bonds. The Series 2015 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 2015 Bonds or premium, if any, or the interest thereon except as provided above. See “SECURITY FOR THE SERIES 2015 BONDS” herein. Additionally, the payment of the principal of and interest on the Series 2015 A Bonds when due is guaranteed under the Series 2015 A Insurance Policy. The payment of the principal of and interest on the Series 2015 B Bonds when due is guaranteed under the Series 2015 B Insurance Policy. See “APPENDIX I – BOND INSURANCE,” “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

In 1987-1988, the City loaned the Charles Town Utility Board \$640,795 to finance certain water and sewer construction projects (\$509,000 allocable to the water department and \$131,795 allocable to the sewer department). No repayments were made on the loans until 2012, when the City and the Charles Town Utility Board reached an agreement regarding repayment of such loans. The loans bear no interest and are being repaid over a 50-year term. Annual required loan payments amount to \$12,816 (\$10,180 payable from water funds and \$2,636 payable from sewer funds). As of June 30, 2015, the loan balances were \$475,460 and \$126,887 for the water and sewer departments, respectively.

The City has two privately placed bank loans with Branch Banking & Trust payable from revenues of the System but which are not secured by Gross Revenues on parity with the Prior Bonds and the Series 2015 Bonds but are evidenced by promissory notes and secured by deeds of trust:

(1) A note issued in the original principal amount of \$299,000, outstanding as of June 30, 2015 in the aggregate principal amount of \$ 4,618, which will mature on December 28, 2015 and is payable from both the water and sewer funds of the City. This loan is secured by certain pumping station equipment and 3.15 acres of land located along Route 340 in Jefferson County, West Virginia.

(2) A note issued in the original principal amount of \$71,000, outstanding as of June 30, 2015 in the aggregate principal amount of \$25,059, which will mature on November 15, 2019 and is payable from the sewer fund of the City. This loan is secured by certain real property located at South George and Evitts Run in Jefferson County, West Virginia.

Pursuant to the Ordinances, 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 (as defined in the Ordinance) 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 2015 Bonds, and all obligations issued on a parity with the Series 2015 Bonds, including the Prior Bonds. See “SECURITY FOR THE SERIES 2015 BONDS – Rate Covenant” herein and “APPENDIX F – FORM OF ORDINANCES” attached hereto.

The audited financial statements of the City as of and for the twelve-month period ended June 30, 2014 included a note that the debt service coverage ratio requirement for the System was met. At the closing of the issuance of the Series 2015 Bonds, an Independent Accountant will certify that the City meets the debt service coverage ratio requirement for the System for the fiscal year ending June 30, 2015. See “SECURITY FOR THE SERIES 2015 BONDS – Rate Covenant” herein.

The Series 2015 Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the inside cover page and under the heading “THE SERIES 2015 BONDS” herein. The Series 2015 Bonds initially will be maintained under a book-entry system. So long as the Series 2015 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 2015 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 2015 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 2015 BONDS – General” herein.

For a description of the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes and the exclusion of interest on the Series 2015 Bonds from gross income for state income tax purposes, see “TAX MATTERS” herein.

The City may issue additional bonds on parity with the Prior Bonds and with the Series 2015 Bonds for the purposes of (i) financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding any, all or a portion of the Series 2015 Bonds, the Prior Bonds, and any Additional Parity Bonds hereinafter issued; (iii) paying claims which may exist against the revenues or facilities of the System; or (iv) of all such purposes, subject in each case to certain tests and conditions provided for by the Ordinances. See “SECURITY FOR THE SERIES 2015 BONDS – Additional Parity Bonds” herein and “APPENDIX F – FORM OF ORDINANCES” attached hereto. The City intends to issue approximately \$9,000,000 in Additional Parity Bonds in late 2015 to finance improvements to the potable water portion of the System including additions and improvements to the water treatment plant, potable water storage and potable water distribution lines, and all necessary appurtenances.

Brief descriptions of the Series 2015 Bonds, the System, the City and certain provisions of the Ordinances 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 Ordinances, 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 2015 Bonds are qualified in their entirety by reference to the form thereof included in the Ordinances 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 Ordinances. Copies of the Ordinances and other applicable documents may be obtained from the City or, during the period of offering the Series 2015 Bonds, from the Underwriter.

FINANCING PLAN

The proceeds of the Series 2015 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the Series 2002 C Bonds; (ii) fund the Series 2015 A Bonds Reserve Account with the purchase of the Series 2015 A Reserve Policy from the Bond Insurer; (iii) pay the premium for the Series 2015 A Insurance Policy through the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 A Bonds and related costs.

The proceeds of the Series 2015 B Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the Series 2009 A Bonds; (ii) fund the Series 2015 B Bonds Reserve Account with the purchase of the Series 2015 B Reserve Policy from the Bond Insurer; (iii) pay the premium for the Series 2015 B Insurance Policy through the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 B Bonds and related costs.

The City expects to call the Series 2002 C Bonds for redemption on or about December 1, 2015.

The City expects to call the Series 2009 A Bonds for redemption on or about December 1, 2015.

Sources and Uses of Funds

Series 2015 A Bonds:

Sources of Funds:

Principal Amount of Series 2015 A Bonds	\$
Transfer from Series 2002 C Bonds Sinking Fund	
Transfer from Series 2002 C Bonds Reserve Account	
Net Original Issue [Premium/Discount]	
Total Sources	\$

Uses of Funds:

Prepayment of Series 2002 C Bonds	\$
Underwriter's Discount	
Costs of Issuance (1)	
Total Uses	\$

Series 2015 B Bonds:

Sources of Funds:

Principal Amount of Series 2015 B Bonds	\$
Transfer from Series 2009 A Bonds Sinking Fund	
Transfer from Series 2009 A Bonds Reserve Account	
Net Original Issue [Premium/Discount]	
Total Sources	\$

Uses of Funds:

Prepayment of Series 2009 A Bonds	\$
Underwriter's Discount	
Costs of Issuance (1)	
Total Uses	\$

(1) Includes legal and financing fees, bond counsel fees, underwriter's counsel fees, registrar's fee, rounding amount, insurance and surety premiums, and other miscellaneous expenses relating to the issuance of the Series 2015 Bonds.

THE SERIES 2015 BONDS

General

The Series 2015 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 2015 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2015 Bonds shall be in default, Series 2015 Bonds issued in exchange for a Series 2015 Bond surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2015 Bond surrendered. The Series 2015 A Bonds will bear interest from their date of delivery, payable semiannually on each June 1 and December 1, commencing June 1, 2016, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Series 2015 B Bonds will bear interest from their date of delivery, payable semiannually on each April 1 and October 1, commencing April 1, 2016, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest accruing on the Series 2015 Bonds shall be payable by check or draft mailed by the Paying Agent, to the Registered Owner as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of the Series 2015 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 2015 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 2015 Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2015 Bonds and payments of principal of, redemption price if any, and interest on the Series 2015 Bonds will be made as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto. If the book-entry system is discontinued, interest on the Series 2015 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 2015 Bonds will be payable to the owner thereof upon surrender thereof at the office of the Paying Agent.

Extraordinary Redemption

The Series 2015 A Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption

The Series 2015 A Bonds maturing on and after December 1, 20__, are subject to redemption at the option of the City, prior to maturity, on or after December 1, 20__, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less

than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

So long as the Series 2015 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2015 A Bonds shall be given as described in “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” attached hereto.

The Series 2015 B Bonds maturing on and after October 1, 20__, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 20__, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

So long as the Series 2015 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2015 B Bonds shall be given as described in “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” attached hereto.

Mandatory Sinking Fund Redemption

[The Series 2015 A Bonds maturing December 1, 20__ and December 1, 20__, 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:

<u>Bonds Maturing 20__</u>	
<u>Year (December 1)</u>	<u>Principal Amount</u>
20__	\$ _____
20__ *	\$ _____

<u>Bonds Maturing 20__</u>	
<u>Year (December 1)</u>	<u>Principal Amount</u>
20__	\$ _____
20__	\$ _____
20__ *	\$ _____

*Final maturity.]

If less than all of the Series 2015 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.

[The Series 2015 B Bonds maturing October 1, 20__ and October 1, 20__, 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:

<u>Bonds Maturing 20__</u>	
<u>Year (October 1)</u>	<u>Principal Amount</u>
20__	\$ _____
20__ *	\$ _____

<u>Bonds Maturing 20__</u>	
<u>Year (October 1)</u>	<u>Principal Amount</u>
20__	\$ _____
20__	\$ _____
20__ *	\$ _____

*Final maturity.]

If less than all of the Series 2015 B 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 2015 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 2015 Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinances described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2015 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 2015 Bonds

The Series 2015 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 2015 Bonds except from said sources.

Bond Insurance

The payment of the principal of and interest on the Series 2015 A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 A Bonds by Build America Mutual Assurance Company. The payment of the principal of and interest on the Series 2015 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 B Bonds by Build America Mutual Assurance Company. Information with respect to the Bond Insurer and the policies is set forth in “APPENDIX I – BOND INSURANCE,” “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

Sources of Payment

The payment of the debt service on the Series 2015 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. Gross Revenues are 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. The payment of the debt service on the Series 2015 Bonds is also secured by the funds on deposit in the respective Sinking Funds for the Series 2015 Bonds, including the respective Reserve Accounts for the Series 2015 Bonds therein. See “APPENDIX H – ANNUAL DEBT SERVICE REQUIREMENTS” attached hereto 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 respective Sinking Funds for the Series 2015 Bonds, (3) to make the payments into the respective Reserve Accounts for the Series 2015 Bonds and the Prior Bonds, if requested, and (4) to make all other payments provided for in the Ordinances, are irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2015 Bonds as the same become due and for the other purposes provided in the Ordinances. See “APPENDIX F – FORM OF ORDINANCES” attached hereto.

Rate Covenant

The City has covenanted and agreed in the Ordinances 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 Annual Debt Service on the Series 2015 Bonds, and all obligations issued on a parity with the Series 2015 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 one hundred twenty (120) 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 – FORM OF ORDINANCES” attached hereto.

The following chart provides the historical debt service coverage ratio of the City for the fiscal years ended June 30, 2010 through 2014.

CITY OF CHARLES TOWN COMBINED WATER & SEWER SYSTEM Five Year Historic Coverage Ratio

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Operating Income	\$ 948,305	\$ 1,001,293	\$ 700,603	\$ 794,626	\$ 839,779
ADD:					
Depreciation and Amortization	\$ 1,070,707	\$ 1,089,413	\$ 1,133,382	\$ 1,112,002	\$ 1,401,645
Interest Income	4,120	2,024	6,931	6,916	4,009
Developer DS Reimbursements	-	-	-	-	43,000
Miscellaneous	209,883	220,264	376,055	432,462	432,567
Cash Available for Debt Service	\$ 2,233,015	\$ 2,312,994	\$ 2,216,971	\$ 2,346,006	\$ 2,721,000
Debt Service Payments	\$ 1,858,758	\$ 1,925,829	\$ 1,913,021	\$ 2,005,731	\$ 2,359,880
Debt Service Coverage	120%	120%	116%	117%	115%

Source: Charles Town audits

Series 2015 Bonds Reserve Accounts

The City is entering into Debt Service Reserve Agreements with BAM for the Series 2015 A Bonds (the “Series 2015 A Reserve Policy”) and the Series 2015 B Bonds (the “Series 2015 B Reserve Policy and, collectively with the Series 2015 A Reserve Policy, the “Reserve Policies”). Under the Reserve Policies, the City is required to repay any draws upon either Reserve Policy and any administrative expenses incurred by BAM, together with interest on both the draws and the administrative expenses at a rate equal to the greater of [JP Morgan Chase Bank prime rate plus 3%] or the highest rate of interest on the respective series of the Series 2015 Bonds (together, the “Policy Costs”). Repayment must commence in the first month following each draw, and each monthly payment must be in an amount at least equal to 1/12th of the aggregated Policy Costs related to such draw.

The amount available under the Reserve Policies will be reduced by and to the extent of any payment made under the Reserve Policies. Amounts in respect of Policy Costs paid to BAM will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policies will be increased by a like amount, subject to the terms of the Reserve Policies. All cash and investments in the Series 2015 A Bonds Reserve Account shall be transferred to the Series 2015 A Bonds Sinking Fund for payment of the debt service on the Series 2015 A Bonds before any draw may be made on the Series 2015 A Reserve Policy. All cash and investments in the Series 2015 B Bonds Reserve Account shall be transferred to the Series 2015 B Bonds Sinking Fund for payment of the debt service on the Series 2015 B

Bonds before any drawing may be made on the Series 2015 B Reserve Policy. The amount available under the Reserve Policies will be reduced by and to the extent of any payment made under the Reserve Policies. Amounts in respect of Policy Costs paid to BAM will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policies will be increased by a like amount, subject to the terms of the Reserve Policies. The City does not expect there to be cash or investments in the Series 2015 A Bonds Reserve Account or the Series 2015 B Bonds Reserve Account.

If the Reserve Policies are not in effect, in the event of a transfer from the respective Series 2015 Bonds Reserve Account to the respective Series 2015 Bonds Sinking Fund as aforesaid, the City shall restore the balance to the respective Series 2015 Bonds Reserve Account in an amount up to the respective Series 2015 Bonds Reserve Requirement. The transfer of any cash by the City from the respective Series 2015 Bonds Reserve Account to the respective Series 2015 Bonds Sinking Fund shall be replenished over twelve (12) equal monthly payments.

The City's obligation to repay the Policy Costs or to otherwise replenish the Series 2015 A Bonds Reserve Fund and Series 2015 B Bonds Reserve Fund will be secured by the Gross Revenues derived from the System and the funds on deposit in the Renewal and Replacement Fund.

The Series 2015 A Bonds Reserve Account and the Series 2015 A Reserve Policy credited thereto will only secure the Series 2015 A Bonds.

The Series 2015 B Bonds Reserve Account and the Series 2015 B Reserve Policy credited thereto will only secure the Series 2015 B Bonds.

Series 2015 A Bonds Reserve Account

The Series 2015 A Bonds Reserve Requirement is \$_____, which is equal to the lesser of (i) 10% of the original stated principal amount of the Series 2015 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 A Bonds. The Series 2015 A Bonds Reserve Account is being funded by the Series 2015 A Reserve Policy in the amount equal to the Series 2015 A Bonds Reserve Requirement. In the event funds in the Series 2015 A Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2015 A Bonds, the Bond Commission shall submit a Notice of Nonpayment to BAM, which will, pursuant to the Series 2015 A Reserve Policy, pay the Bond Commission sufficient amounts to make payments of principal of and/or interest on the Series 2015 A Bonds as the same becomes due, subject to the Series 2015 A Reserve Policy limits. If the Series 2015 A Reserve Policy is not in effect, the Bond Commission shall withdraw cash from the Series 2015 A Bonds Reserve Account for transfer to the Series 2015 A Bonds Sinking Fund.

Series 2015 B Bonds Reserve Account

The Series 2015 B Bonds Reserve Requirement is \$_____, which is equal to the lesser of (i) 10% of the original stated principal amount of the Series 2015 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 B Bonds. The Series 2015 B Bonds Reserve Account is being funded by the Series 2015 B Reserve Policy in the amount equal to the Series 2015 B Bonds Reserve Requirement. In the event funds in the Series 2015 B Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2015 B Bonds, the Bond Commission shall submit a Notice of Nonpayment to BAM, which will, pursuant to the Series 2015 B Reserve Policy, pay the Bond Commission sufficient amounts to make payments of principal of and/or interest on the Series 2015 B Bonds as the same becomes due, subject to the Series 2015 B Reserve Policy limits. If the Series 2015 B Reserve Policy is not in effect, the Bond Commission shall withdraw cash from the Series 2015 B Bonds Reserve Account for transfer to the Series 2015 B Bonds Sinking Fund.

Renewal and Replacement Fund

The City is required after the payments into the respective Series 2015 Bonds Sinking Funds and Reserve Accounts described above and the sinking funds and reserve accounts created for the Prior Bonds and after the payment of Operating Expenses, on the first day of each month, to transfer to the Renewal

and Replacement Fund a sum equal to two and one half percent (2.5%) of the Gross Revenues each month, exclusive of any payments made to the Series 2015 Bonds Reserve Accounts in the Series 2015 Bonds Sinking Funds and the reserve accounts in the sinking funds of the Prior Bonds.

Withdrawals and disbursements from the Renewal and Replacement Fund shall be made (a) to pay the costs of replacements, emergency repairs, improvements or extensions to the System; or (b) to make up any deficiency in the Reserve Accounts.

Working Capital Reserve

Pursuant to Chapter 24, Article 1, Section 1(k) of the Code of West Virginia, 1931, as amended (the "State Code"), effective June 12, 2015, the System is required to ". . . maintain a working capital reserve in an amount of no less than one eighth of actual annual operation and maintenance expense." The City has, as required by State law, previously adopted a budget for the System for the 2015-2016 fiscal year. The City plans to budget for the funding of the working capital reserve beginning in the fiscal year ending June 30, 2017. In accordance with practice and procedure adopted by the Public Service Commission of West Virginia, the City intends to fund the working capital reserve on a monthly basis over a two year period and expects the reserve to be fully funded on or before June 30, 2018. In the event that any audited or un-audited year-end financial statement of the System shall find that the working capital reserve for such fiscal year was insufficient, such finding shall not be a default on the Series 2015 Bonds.

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 applied monthly to first pay interest on the Series 2015 Bonds and the Prior Bonds, second to pay principal on the Series 2015 Bonds and the Prior Bonds, third to fund the Reserve Accounts for the Series 2015 Bonds and the Prior Bonds, fourth to pay all current Operating Expenses of the System and fifth to make deposits into the Renewal and Replacement Fund.

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 2015 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 thereby.

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 any 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. For a more detailed description of the flow of funds see "APPENDIX F – SERIES 2015 ORDINANCES-System Revenues and Application Thereof" attached hereto.

Enforcement of Collections

The City covenants in the Ordinances 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 Ordinances 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 – FORM OF ORDINANCES" attached hereto.

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 Ordinances, payable out of the revenues of the System shall be issued after the

issuance of the Series 2015 Bonds pursuant to the Ordinances, 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 2015 Bonds issued pursuant to the Ordinances, or refunding the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 2015 Bonds then Outstanding;
- (3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in the Ordinances 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 2015 Bonds, any Additional Parity Bonds hereafter issued and any Prior Bonds 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 2015 Bonds Outstanding after such refunding;
- (3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinances 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 2015 Bonds, and all the covenants and other provisions of the Ordinances shall be for the equal benefit, protection and security of the Owners of the Series 2015 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 Ordinances required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinances.

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. 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 2015 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 Ordinances on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinances shall have been made in full as required to the date of delivery of the Additional Parity Bonds. See “APPENDIX F – FORM OF ORDINANCES” attached hereto.

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 pursuant to the Act 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” attached hereto. For information regarding Jefferson County, in which the City is situated, see “APPENDIX A – GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA” attached hereto.

BOND INSURANCE

The City has applied to the Bond Insurer for the issuance, concurrently with the issuance of the Series 2015 A Bonds, of the Series 2015 A Insurance Policy and the Series 2015 A Reserve Policy, and concurrently with the issuance of the Series 2015 B Bonds, of the Series 2015 B Insurance Policy and the Series 2015 B Reserve Policy. The following information has been furnished solely by the Bond Insurer for inclusion in this Official Statement. No representation is made by the City nor the Underwriter as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer. Reference is made to “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY” for specimens of the insurance and reserve policies, which should be read in their entirety.

Bond Insurance Policy

Concurrently with the issuance of the Series 2015 A Bonds, the Bond Insurer will issue the Series 2015 A Insurance Policy for the Series 2015 A Bonds. The Series 2015 A Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2015 A Bonds when due as set forth in the form of the Series 2015 A Insurance Policy included as an exhibit to this Official Statement.

Concurrently with the issuance of the Series 2015 B Bonds, the Bond Insurer will issue the Series 2015 B Insurance Policy for the Series 2015 B Bonds. The Series 2015 B Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2015 B Bonds when due as set forth in the form of the Series 2015 B Insurance Policy included as an exhibit to this Official Statement.

The Series 2015 A Insurance Policy and the Series 2015 B Insurance Policy are not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Series 2015 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 2015 Bonds. The City has agreed to comply with the covenant 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 2015 Bonds and all bonds issued on a parity with the Series 2015 Bonds and the Prior Bonds.

Gross Revenues sufficient to pay the debt service on the Series 2015 Bonds and the Prior Bonds also depend on the retention of current customers by the City. An unexpected loss of customers by the City could have an adverse effect on the ability of the City to make the required payments on the Series 2015 Bonds. Additionally, a significant reduction in the amount of water used by customers of the City may also have an adverse impact on the City's ability to make the required payments on the Series 2015 Bonds. While the City does not have the authority to require citizens to accept potable water service by the System, the City does have the authority to require citizens to connect to the sewerage portion of the System.

Demographic and Economic Changes in the Service Area

Charles Town Races, one of the largest customers of the water portion of the System is facing competition from new gaming establishments in Maryland. A decline in customer usage at Charles Town Races may have an impact on the revenues paid to the System by Charles Town Races. The City can make no representations with respect to the long term impact of gaming competition on Charles Town Races and its rate/revenue impact. See "APPENDIX B – THE SYSTEM."

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2015 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Series 2015 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Series 2015 Bonds. Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2015 Bonds if any legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes or adversely impacting the tax treatment of such bonds for State tax purposes.

New Legislation

On March 14, 2015, the West Virginia Legislature passed Senate Bill 234 ("SB 234") which significantly revised the regulatory authority of the Public Service Commission of West Virginia over rate making, and project approval for government owned water and sewer utilities. SB 234 became effective June 12, 2015. SB 234 limits the jurisdiction of the Public Service Commission of West Virginia over water and sewer utilities that have at least 4,500 customers and Gross Revenue of at least \$3,000,000.

Regulation of the System by the Public Service Commission of West Virginia (the "PSC")

Pursuant to SB 234, the City and the System are exempted from regulation by the PSC for, among other things, (i) the review of City Ordinances implementing rates and charges for the System (a "Rate Ordinance"); and (ii) the requirement to obtain prior PSC approval for construction of capital projects which are outside "the normal course of business." The PSC retained among others, the following authority, customers of water and sewer utilities operated by a political subdivision of the state

and customers of Stormwater utilities operated by a public service district may bring formal or informal complaints regarding the commission's exercise of the powers enumerated in this section and the commission shall resolve these complaints under West Virginia Code Section 24-2-1(b)(7).

Statutory Process for Rate Increases

The Council of the City has the authority to implement rates and charges for the System through the enactment of a Rate Ordinance. Enactment of a Rate Ordinance requires a minimum of four to six weeks, including pre-enactment notice of the proposed change in rates and charges and two readings of a Rate Ordinance by Council, separated by seven (7) days, with a public hearing prior to the second reading. The new rates and charges cannot go into effect any sooner than 45 days after the date of enactment of a Rate Ordinance, unless the Council finds and declares that the System is in financial distress such that the 45 day waiting period would be detrimental to the ability of the System to deliver continued and compliant service.

Pursuant to SB 234, West Virginia Code Section 24-2-1(b)(8) specifically provides, however, “[i]n the event that a political subdivision [the City] has a deficiency in either its bond revenue or bond reserve accounts, or is otherwise in breach of a bond covenant, the bond holder may petition the Public Service Commission for such redress as will bring the accounts to current status or otherwise resolve the breached covenant, and the commission shall have jurisdiction to fully resolve the alleged deficiency or breach.”

Absence of Rules and Regulations related to SB 234

The PSC has not proposed rules or regulations implementing the statutory changes in SB 234, including the process and scope of complaint cases under §24-2-1(b) of the State Code. Such rules or regulations, if adopted, or case law as developed by the Commission may or may not result in delays in the modification of rates and charges for the System.

Annual Municipal Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the “Audit Act”), the State Auditor, as the chief inspector and supervisor of public offices (the “Chief Inspector”) is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The City is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the City's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The City has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the City and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Certificate. See “CONTINUING DISCLOSURE” herein. Additionally, the City has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

TAX MATTERS

Series 2015 Bonds

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2015 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 Code; 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; provided, however, that interest on the Series 2015 Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on corporations; and (iii) under the laws of the State of West Virginia, the Series 2015 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 2015 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

The opinions described in this section are subject to the condition that the City complies on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied for interest on the Series 2015 Bonds 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 2015 Bonds to be included in the gross income of the recipients thereof for purposes of Federal income taxation, including retroactively to the date of issuance of the Series 2015 Bonds.

The accrual or receipt of the interest on the Series 2015 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 2015 Bonds.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Ordinance and the Tax Certificate relating to the Series 2015 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest on any Series 2015 Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2015 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2015 Bonds might be affected as a result of such an audit of the Series 2015 Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2015 Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2015 Bonds or their market value.

Special Considerations with Respect to the Series 2015 Bonds

The accrual or receipt of interest on the Series 2015 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2015 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2015 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers other entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchase or owning the Series 2015 Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2015 Bonds is subject to information reporting in a

manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2015 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Series 2015 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2015 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2015 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2015 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2015 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

[Original Issue Discount

Original issue discount (“OID”) is the excess, if any, of the stated redemption price at maturity over the issue price. The issue price is the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the debt instrument was sold. The Series 2015 A Bonds maturing on December 1, 20__, December 1, 20__ and December 1, 20__ (the “Discount Bonds”), were sold with original issue discount. The Series 2015 B Bonds maturing on December 1, 20__, December 1, 20__ and December 1, 20__ (the “Discount Bonds”), were sold with original issue discount. Original issue discount is computed on a compound basis and equals the aggregate daily portions of the OID during the taxable year of the owner of the Discount Bonds. Generally the OID is excluded from gross income for Federal income tax purposes with respect to such owner.

Under Section 1288 of the Code, 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.]

[Amortizable Premium

Amortizable premium is determined with reference to the basis of a debt obligation with respect to the owner thereof and the amount payable at maturity or earlier redemption of such debt obligation. The amortizable bond premium in each year includes the excess of the owner’s adjusted basis at the beginning of such owner’s taxable year over the amount received or to be received at maturity or earlier redemption of the

debt obligation. The Series 2015 A Bonds maturing on December 1, 20__, December 1, 20__, and December 1, 20__ (“OIP Bonds”), are being sold with amortizable premium (“original issue premium” or “OIP”). The Series 2015 B Bonds maturing on December 1, 20__, December 1, 20__, and December 1, 20__ (“OIP Bonds”), are being sold with amortizable premium (“original issue premium” or “OIP”). Under current law, the OIP for OIP Bonds must be amortized on an annual basis by the holder thereof. The amount of OIP amortized each year will not be deductible for Federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the OIP Bonds be deducted annually from the holder’s tax basis in such OIP Bonds. This reduction in a holder’s tax basis will affect the amount of capital gain or loss to be recognized by the holder when the OIP Bonds are sold or redeemed prior to maturity.

Owners of OIP Bonds should consult their tax advisors with respect to the determination and treatment of amortizable premium for Federal income tax purposes, and with respect to the state and local tax consequences of owning such OIP Bonds.]

Series 2015 Bonds Qualified Tax-Exempt Obligations

Subject to the City’s compliance with certain covenants, in the opinion of Bond Counsel, the Series 2015 Bonds are “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

The par amount of the Series 2015 Bonds equal to the outstanding par amount of the Series 2002 C Bonds and the Series 2009 A Bonds on the date such bonds are defeased with proceeds of the Series 2015 Bonds, \$8,330,000* is “deemed designated” pursuant to Section 265(b) of the Code. The City has designated the remaining par amount of the Series 2015 Bonds, \$_____,* as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code. The Series 2015 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and not more than \$10,000,000 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 described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2015 Bonds, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2015.

*Preliminary, subject to change.

RATINGS

Based on the insurance policy issued by BAM, the Series 2015 Bonds are rated “AA” by Standard & Poor’s Ratings Services (“S&P”). “Any desired explanation of the significance of such rating, should be obtained from S&P. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the City to S&P. Generally, S&P bases its rating on the information and materials so furnished and on its investigations, studies and assumptions. There is no assurance that this rating will continue for any period of time or that the rating will not be reviewed, downgraded or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Owners of the Series 2015 Bonds any proposed revision or withdrawal of any rating of the Series 2015 Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of the rating may have an adverse effect upon the market price or value of the Series 2015 Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2015 Bonds are subject to the unqualified approving opinions of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, the forms of which are attached as APPENDIX D hereto. Hoy G. Shingleton Jr., Esquire, Martinsburg, West Virginia, counsel to the Utility Board, will pass on certain matters for the Utility Board. Steptoe & Johnson PLLC, Charleston, West Virginia, as special counsel to the City, will pass

upon certain legal matters for the City. 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 2015 Bonds, the Ordinances or any agreement to which the City is a party and which is a part of the issuance of the Series 2015 Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2015 Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE SERIES 2015 BONDS - General."

UNDERWRITING

The Series 2015 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 2015 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 [premium/discount] of \$_____). The Bond Purchase Agreement provides that the Underwriter will purchase the Series 2015 B 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 [premium/discount] 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 2015 Bonds to certain dealers (including dealers depositing the Series 2015 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 as Appendix C attached hereto are the audited financial statements of the City of Charles Town Utility Board as of and for the twelve-month period ended June 30, 2014, and the report with respect to the audited financial statements as of and for the twelve-month period ended June 30, 2014, dated March 20, 2015, of Perry & Associates, Certified Public Accountants, A.C.

Audited basic financial statements for the Board as of and for the fiscal year ended June 30, 2015 are not expected to be available for inclusion in the final Official Statement and may not be available prior to the delivery of the Series 2015 Bonds, but when available will be posted on the EMMA website of the Municipal Securities Rulemaking Board pursuant to the Continuing Disclosure Agreement with respect to the Series 2015 Bonds, and will also be posted to the West Virginia State Auditor's Office website at www.wvsao.gov.

CONTINUING DISCLOSURE

The City has agreed in the Supplemental Resolutions to execute and deliver contemporaneously with the issuance of the Series 2015 Bonds an agreement to undertake for the benefit of the Registered Owners of the Series 2015 Bonds to provide certain financial and operating information (the "Annual Information") not later than the last day of the fiscal year (presently June 30) immediately following the end of the City's fiscal year (presently June 30) for which disclosure is due, commencing with the fiscal year ending June 30, 2015, 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 "Rule"). 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 2015 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

The City has entered into prior continuing disclosure undertakings pursuant to the Rule with respect to certain of the City's Prior Bonds. As further described in this section, but without regard to materiality, the City has not complied with its prior continuing disclosure obligations for the past five years. The City failed to file Material Event Notices on EMMA for bond insurer rating changes under one prior continuing disclosure undertaking three times, in 2013 and 2014. The City failed to file a Material Event Notice on EMMA in 2013 to provide notice that its Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), were called for redemption on August 1, 2013. Audited financial statements were filed late under the terms of one prior continuing disclosure undertaking for following fiscal years ended June 30: 2010, 2011 and 2012. Audited financial statements were also filed late under the terms of one prior continuing disclosure undertaking for the fiscal years ended June 30, 2013 and June 30, 2014. Audited financial statements were also filed late under the terms of four prior continuing disclosure undertakings for the fiscal year ended June 30, 2012. Unaudited financial statements, required to be filed annually under three of the prior continuing disclosure undertakings, were not filed for the following fiscal years ended June 30: 2010, 2011, 2012, 2013 and 2014. Operating data was not timely under the City's prior continuing disclosure undertakings for the following fiscal years ended June 30: 2010, 2011, 2012, 2013 and 2014. The City also notes that it did not file notices of the failure to file its annual information timely, with respect to the instances when the City failed to timely file audited financial statements, operating data or unaudited financial statements, as required by each of the City's prior continuing disclosure undertakings. Finally, the City failed to file unaudited financial statements when it was not able to timely file its audited financial statements for the fiscal years ended June 30, 2012, 2013 and 2014, as required by the terms of two of its prior continuing disclosure undertakings.

With respect to the failures to file unaudited financial statements, the City has deemed it unnecessary to file unaudited financial statements for the past five fiscal years ended June 30, as the audited financial statements for such time periods have already been filed on EMMA. The City has put into place procedures to make certain that the annual information required to be filed on EMMA under its prior continuing will be filed in a timely manner in the future.

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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 Ordinances 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 2015 Bonds. The City has authorized the execution and distribution of this Official Statement.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: _____

Mayor

APPENDIX A

GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA

APPENDIX A – General Information

Sources include: **US Census**
City-Data.com
www.stats.indiana.edu/



Part of: Washington-Arlington-Alexandria DC-VA-MD-WV, Metropolitan Area
 Part of: Washington-Baltimore-Northern Virginia DC-MD-VA-WV, Combined Statistical Area
 Part of: Washington-Arlington-Alexandria DC-VA-MD-WV, Metropolitan Division

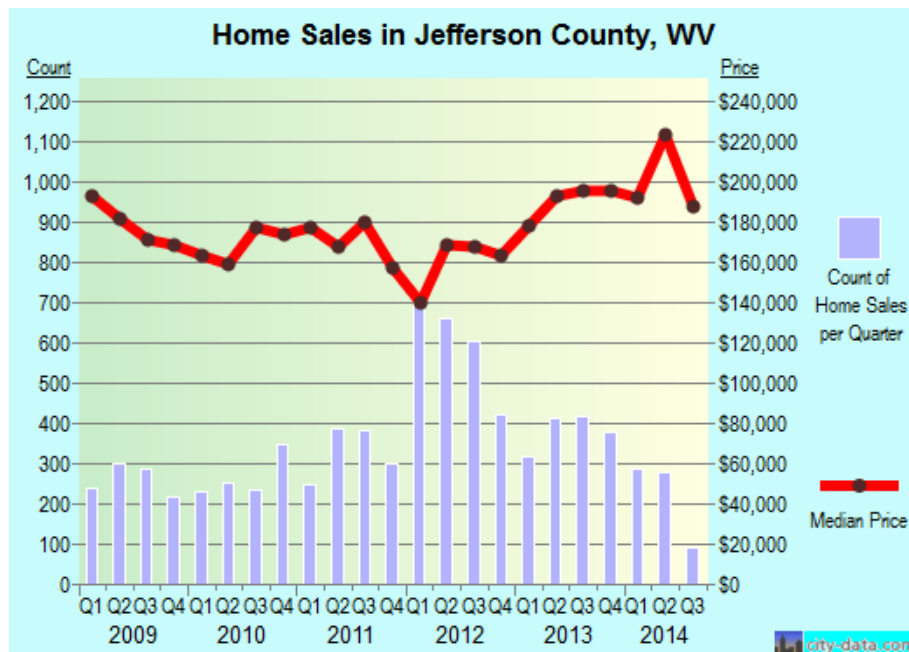
Overview:

Jefferson County is one of about 3,141 counties and county equivalents in the United States. It has 209.6 sq. miles in land area and a population density of 262.8 per square mile. On the most recent census form, 97.4% of the population reported only one race, with 6.6% of these reporting African-American. The population of this county is 4.7% Hispanic (of any race). The average household size is 2.60 persons compared to an average family size of 3.10 persons.

In 2013 accommodation and food services was the largest of 20 major sectors. It had an average wage per job of \$24,499. Per capita income grew by 7.3% between 2003 and 2013 (adjusted for inflation).

People & Income Overview (By Place of Residence)	Value	Rank in U.S.
Population (2013)	55,073	913
Growth (%) since 2010 Census	2.9%	478
Households (2013)	19,889	953
Labor Force (persons) (2013)	25,216	945
Unemployment Rate (2013)	4.6	2639
Per Capita Personal Income (2013)	\$39,939	1178
Median Household Income (2013)	\$64,916	207
Poverty Rate (2013)	11.3	2558
H.S. Diploma or More - % of Adults 25+ (2013 ACS 5yr)	87.7	1,224
Bachelor's Deg. or More - % of Adults 25+ (2013 ACS 5yr)	27.6	501

Housing:



US Census Bureau - Quick Facts

Jefferson County, West Virginia

People QuickFacts	Jefferson County	West Virginia
Population, 2014 estimate	55,713	1,850,326
Population, 2013 estimate	54,961	1,853,595
Population, 2010 (April 1) estimates base	53,508	1,853,033
Population, percent change - April 1, 2010 to July 1, 2014	4.1%	-0.1%
Population, percent change - April 1, 2010 to July 1, 2013	2.7%	Z
Population, 2010	53,498	1,852,994
Persons under 5 years, percent, 2013	5.7%	5.5%
Persons under 18 years, percent, 2013	23.0%	20.6%
Persons 65 years and over, percent, 2013	13.6%	17.3%
Female persons, percent, 2013	50.6%	50.6%
White alone, percent, 2013 (a)	88.5%	93.8%
Black or African American alone, percent, 2013 (a)	6.9%	3.6%
American Indian and Alaska Native alone, percent, 2013 (a)	0.3%	0.2%
Asian alone, percent, 2013 (a)	1.8%	0.8%
Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a)	0.1%	Z
Two or More Races, percent, 2013	2.4%	1.5%
Hispanic or Latino, percent, 2013 (b)	5.3%	1.4%
White alone, not Hispanic or Latino, percent, 2013	83.8%	92.7%
Living in same house 1 year & over, percent, 2009-2013	85.4%	88.1%
Foreign born persons, percent, 2009-2013	4.9%	1.4%
Language other than English spoken at home, pct age 5+, 2009-2013	6.1%	2.4%
High school graduate or higher, percent of persons age 25+, 2009-2013	87.7%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	27.6%	18.3%
Veterans, 2009-2013	4,753	159,448
Mean travel time to work (minutes), workers age 16+, 2009-2013	38.9	25.5
Housing units, 2013	22,290	879,449
Homeownership rate, 2009-2013	75.1%	73.4%
Housing units in multi-unit structures, percent, 2009-2013	9.2%	12.0%
Median value of owner-occupied housing units, 2009-2013	\$214,400	\$98,500
Households, 2009-2013	19,889	741,390
Persons per household, 2009-2013	2.65	2.43
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$29,605	\$22,966
Median household income, 2009-2013	\$65,304	\$41,043
Persons below poverty level, percent, 2009-2013	11.2%	17.9%
	Jefferson County	West Virginia
Business QuickFacts		
Private nonfarm establishments, 2013	826	37,573
Private nonfarm employment, 2013	13,502	575,987
Private nonfarm employment, percent change, 2012-2013	0.3%	-0.6%
Nonemployer establishments, 2012	3,421	89,213

Total number of firms, 2007	3,743	120,381
Black-owned firms, percent, 2007	3.9%	S
American Indian- and Alaska Native-owned firms, percent, 2007	0.8%	S
Asian-owned firms, percent, 2007	2.2%	1.3%
Native Hawaiian and Other Pacific Islander-owned firms, %, 2007	F	0.0%
Hispanic-owned firms, percent, 2007	4.0%	0.7%
Women-owned firms, percent, 2007	36.8%	28.1%
Retail sales, 2007 (\$1000)	455,710	20,538,829
Retail sales per capita, 2007	\$8,932	\$11,340
Accommodation and food services sales, 2007 (\$1000)	71,937	2,553,258
Building permits, 2013	236	2,575

Geography QuickFacts

Land area in square miles, 2010	209.64	24,038.2
Persons per square mile, 2010	255.2	77.1
FIPS Code	037	54
Metropolitan or Micropolitan Statistical Area	Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 25 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

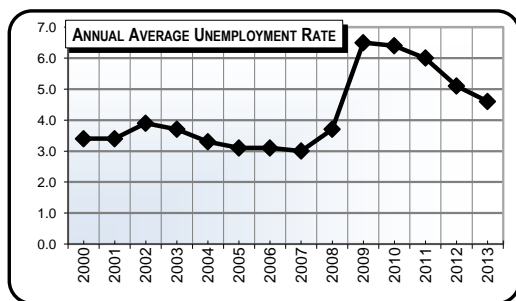
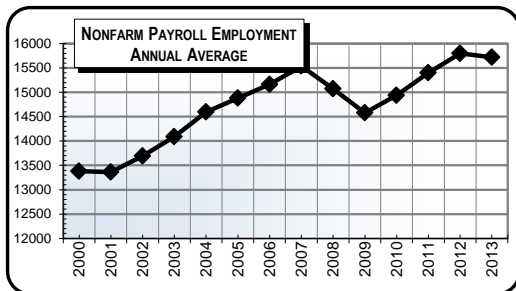
Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits
Last Revised: Thursday, 28-May-2015 16:03:04 EDT

Jefferson County

Employment and Wages Annual Averages	2013			2012		
	Emp.	Total Wages	Avg Annual Wage	Emp	Total Wages	Avg Annual Wage
Total, All Industries	15,014	\$534,154,818	\$35,577	15,044	\$535,503,167	\$35,596
Total, Private Sector	11,536	379,554,885	32,902	11,531	380,012,816	32,956
Natural Resources and Mining	123	3,924,261	31,905	141	4,472,099	31,717
Construction	449	17,862,360	39,783	484	22,893,902	47,301
Manufacturing	860	32,172,579	37,410	898	33,929,787	37,784
Trade, Transportation, and Utilities	2,183	55,911,781	25,612	2,161	55,680,415	25,766
42 Wholesale trade	265	11,233,015	42,389	266	11,835,797	44,495
44-45 Retail trade	1,792	39,802,631	22,211	1,768	39,203,519	22,174
48-49 Transportation and warehousing	114	4,409,296	38,678	114	4,160,086	36,492
Information	103	5,320,614	51,656	111	5,676,973	51,144
Financial Activities	432	17,559,580	40,647	432	16,410,292	37,987
Professional and Business Services	823	51,350,198	62,394	662	36,769,618	55,543
Education and Health Services	1,888	82,650,961	43,777	1,833	83,501,941	45,555
Leisure and Hospitality	4,125	99,569,046	24,138	4,258	108,092,586	25,386
Other Services	548	13,091,453	23,890	544	12,401,029	22,796
Government	3,478	154,599,933	44,451	3,513	155,490,351	44,261
Federal Government	696	49,478,605	71,090	731	51,435,524	70,363
State Government	851	30,809,041	36,203	868	30,310,923	34,920
Local Government	1,931	74,312,287	38,484	1,914	73,743,904	38,529
Demographics (2010 Census)	Top 10 Employers					
Total Population 2013	55,073	March 2013				
Total Population 2000	42,439	1	PNGI Charles Town Gaming			
Total Population 1990	35,926	2	Jefferson County Board of Education			
Total Population 1980	30,302	3	Shepherd University			
Total Population 1970	21,280	4	American Public University System			
Sex and Age		5	Jefferson Memorial Hospital			
Male	26,444	6	Wal-Mart Stores, Inc.			
Female	27,054	7	Royal Vendors, Inc.			
Ages 14 and below	10,631	8	Department of the Interior (National Park Service)			
Ages 15 to 19	3,808	9	Jefferson County Commission			
Ages 20 to 24	3,491	10	DALB, Inc.			
Ages 25 to 34	6,028	Worker Commuting Patterns				
Ages 35 to 44	7,825		<i>Total</i>	<i>Male</i>	<i>Female</i>	
Ages 45 to 54	8,450	Number	25,313	13,396	11,917	
Ages 55 to 64	6,951	Worked in state of residence:	13,256	6,202	7,054	
Ages 65 and older	6,314	Worked in county of residence	11,415	5,314	6,101	
Median Age	38.9	Worked outside county of residence	1,841	888	953	
Race		Worked outside state of residence	12,057	7,194	4,863	
White	46,876	<i>2010 American Community Survey 5-Year Estimates</i>				
Black or African American	3,524	Income				
American Indian and Alaska Native	132	Total Personal Income (000)	2012	\$2,165,931		
Asian	618	Per capita Personal Income	2012	\$39,739		
Native Hawaiian and Other Pacific	33	Household Income*				
Some other race	946	Less than \$10,000	901			
Two or more races	1,369	\$10,000 to \$14,999	676			
Links		\$15,000 to \$24,999	1,359			
Labor Market Information		\$25,000 to \$34,999	1,971			
http://www.workforcewv.org/lmi/newsrelease.html		\$35,000 to \$49,999	2,727			
http://www.workforcewv.org/lmi/lateemp.html		\$50,000 to \$74,999	3,888			
Occupational Projections and Demand Occupations		\$75,000 to \$99,999	2,966			
http://www.workforcewv.org/lmi/occproj/LongTermProjMenu.html		\$100,000 to \$149,999	2,855			
Occupational Wages		\$150,000 or more	2,148			
http://www.workforcewv.org/lmi/owqtr/WIA_menu.htm		Median Household Income (2011)	\$59,280			
		<i>US Census Bureau</i>				

County:		Jefferson													
County Seat:		Charles Town													
Labor Force Statistics		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Civilian Labor Force		23,350	23,040	23,140	23,250	23,670	24,420	25,070	25,200	24,640	24,430	24,540	24,870	25,230	25,220
Total Employment		22,560	22,270	22,240	22,380	22,880	23,650	24,300	24,450	23,720	22,840	22,970	23,390	23,950	24,060
Total Unemployment		790	770	900	860	790	770	780	750	920	1,600	1,570	1,480	1,280	1,150
Unemployment Rate		3.4	3.4	3.9	3.7	3.3	3.1	3.1	3.0	3.7	6.5	6.4	6.0	5.1	4.6
Total Nonfarm Payroll Employment by Industry		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Nonfarm Payroll Employment		13,380	13,360	13,690	14,090	14,600	14,880	15,160	15,540	15,070	14,580	14,940	15,400	15,800	15,720
Total Private		10,360	10,280	10,520	10,860	11,300	11,520	11,700	12,000	11,460	10,920	11,160	11,660	12,160	12,060
Goods Producing		2,490	2,160	2,110	2,070	2,030	2,070	2,030	1,870	1,680	1,330	1,280	1,290	1,440	1,350
Mining and Logging		**	**	**	**	**	60	70	**	**	**	**	**	**	**
Construction		560	580	640	680	810	960	920	800	640	450	**	**	**	**
Manufacturing		1,860	1,490	1,400	1,330	1,160	1,050	1,030	990	970	830	**	**	**	**
Service Providing		10,890	11,200	11,580	12,020	12,570	12,820	13,130	13,670	13,390	13,240	13,660	14,120	14,360	14,370
Private Service Providing		7,870	8,120	8,410	8,790	9,270	9,450	9,680	10,130	9,770	9,590	9,880	10,370	10,730	10,710
Trade, Transportation and Util		2,510	2,450	2,420	2,420	2,410	2,560	2,720	2,780	2,540	2,280	2,230	2,190	2,230	2,200
Wholesale Trade		200	200	220	220	210	270	270	280	290	260	**	**	**	**
Retail Trade		2,190	2,140	2,070	2,060	2,080	2,180	2,330	2,380	2,110	1,850	1,790	1,760	1,780	1,750
Transport, Warehousing & Util		110	110	120	140	120	110	120	110	150	180	**	**	**	**
Information		140	140	120	110	120	130	130	130	130	120	120	110	110	100
Financial Activities		470	480	450	440	470	500	510	500	490	480	**	**	**	**
Profess and Business Serv		830	700	830	920	1,110	1,120	950	1,030	760	760	700	660	710	810
Education and Health Serv		850	960	1,000	1,020	1,060	1,150	1,170	1,310	1,350	1,440	1,560	1,700	1,840	1,890
Leisure and Hospitality		2,230	2,460	2,600	2,810	3,000	2,880	3,100	3,300	3,380	3,380	3,700	4,140	4,260	4,120
Other Services		850	950	1,010	1,070	1,100	1,110	1,100	1,100	1,130	1,140	**	**	**	**
Total Government		3,020	3,080	3,170	3,230	3,300	3,360	3,460	3,540	3,610	3,650	3,780	3,750	3,640	3,660
Federal		700	720	750	760	750	750	730	730	710	750	840	870	730	700
State		870	940	970	980	980	960	980	980	990	930	940	910	920	950
Local		1,450	1,430	1,450	1,500	1,570	1,650	1,750	1,830	1,910	1,970	2,000	1,960	1,980	2,010

Benchmark 2013 **not available



APPENDIX B
THE SYSTEM

APPENDIX B
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 pursuant to the Act.

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.

For the period ending June 30, 2014, an average of 5,827 customers were served by the water system, compared to 5,716 in 2013.

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted)

<u>Fiscal Year (June 30)</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2009	377,298	2,105	379,403
2010	367,021	1,575	368,596
2011	375,332	1,700	377,032
2012	384,393	1,339	385,732
2013	377,840	1,297	379,137
2014	380,190	985	381,175

Communities Served

According to the PSC Annual Report, as of June 30, 2014, approximately 5,274 customers and a population of 13,151 were served by the water system.

	<u>Customers At Year End</u>	<u>Population Served</u>
Charles Town	2,255	5,592
Ranson	1,095	2,672
Jefferson County	<u>1,924</u>	<u>4,887</u>
	5,274	13,151

Sewer

The City owns, operates and maintains a wastewater treatment and collection system, extending throughout the City and into the Town of Ranson and the Jefferson County Public Service District, consisting of approximately 2 treatment plants, 8 pumping stations, 2 grinder pumping stations, 32 miles of Gravity Collection Mains and 4 miles of force Collection Mains. All operating and maintenance expenses, in addition to capital improvement expenditures, for the primary 1.75 MGD treatment plant are evenly split between the three entities pursuant to an existing long-term sewer service agreement. The plant discharges its treated effluent to Evitts Run, a tributary of the Shenandoah River.

For the period ending June 30, 2013, an average of 2,842 customers were served by the wastewater treatment plant, compared to 2,907 in 2012.

Sewer Service Area

The Charles Town wastewater treatment and collection system 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:

<u>Mayor/Council</u>	<u>Term</u>	<u>Occupation</u>
Peggy A. Smith, Mayor	6/13 to 6/17	Retired
Rich Bringewatt	6/13 to 6/17	President, National Health Policy Grp
Chester Hines	6/13 to 6/17	Retired
Sandra Slusher McDonald	6/13 to 6/17	Administrative Assistant
Ann Paonessa	6/15 to 6/19	Office Manager
Jonathan Wertman	6/13 to 6/17	Attorney
Bob Trainor	6/15 to 6/19	Coast Guard
Michael Tolbert	6/15 to 6/19	Program Analyst
Nick Zaglifa	6/15 to 6/19	Project Coordinator

The City generally employs a City Manager in addition to 27 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 Kristen Stolipher, Peter Kubic, P.E. and Vice Chair, Thomas W. Stocks, Charles W. Kline, Secretary/Treasurer and Dave Mills, the City Manager and Chairman. Ms. Jane Arnett, CPA, serves as the Utility Manager. The Board employs 20 full-time and 2 part-time employees.

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:

- As a headwater partner in the Chesapeake Bay Program, West Virginia along with other Bay States developed a Tributary Strategy to reduce the amount of nutrients (nitrogen and phosphorus) flowing into the Chesapeake Bay. The City of Charles Town discharges to Evitts Run, which is a tributary to the Potomac River Basin. In accordance with West Virginia's

Tributary Strategy, the City was prescribed nitrogen and phosphorous annual mass effluent discharge limitations.

- The known Chesapeake Bay nutrient limits now prescribed by WV/NPDES permit, allow clearer timelines for capital improvements and the ability to forecast capacity.
- In accordance with the WV/NPDES Permit No. WV0022349, Permit Modification No. 1, issued July 11, 2013; the Charles Town and Tuscahill facilities have been combined into a single NPDES permit with a combined wasteload allocation for total nitrogen and total phosphorus. The benefits associated with this Modification will be described in this Plan.
- Senate Bill 245 grant funding has been issued. Charles Town's Chesapeake Bay "eligible" costs were \$21,537,600 (Tuscahill Phase 1 with engineering \$16,397,192, Projects 1B and 1C \$1,153,558, Charles Town Phase 1 \$3,202,000 and the Tuscahill Effluent Line \$784,850).
- Based on "eligible" costs, Charles Town received grant funds totaling \$10,903,213.21. Use of this grant funding for Chesapeake Bay nutrient removal projects will be detailed in this Plan.
- Tuscahill Phase 1 was substantially complete in September 2013. The 500,000 gallon per day Membrane Bioreactor (MBR) wastewater treatment plant is currently treating an average of 0.14 mgd.
- The project to construct the transfer pumping station between the Charles Town and Tuscahill plants is complete. The transfer pumping station allows greater flexibility for treating wastewater in order to maximize nutrient removal for the greatest volume of flow in the most cost effective manner. This pumping station also contributed to the changes in service by region.
- The capital improvement projects funded under the West Virginia Infrastructure and Jobs Development Council (WV IJDC) Project 2011S-1304 (and part of SB245 grant funding), included the Charles Town Wastewater Treatment Plant Upgrade Phase 1 is under construction and the Tuscahill Effluent Line is complete.
- The City of Charles Town filed a Joint Petition between the City of Charles Town and Willow Spring Public Service Corporation for Approval of an Asset Purchase Agreement with the West Virginia Public Service Commission on February 8, 2012 (Reference PSC Case No. 12-0217-S-PC). The Asset Purchase was completed on October 1, 2013. This update will discuss the plans for serving the Willow Spring area including many properties that have been annexed into the City of Charles Town.
- Expansion Scenarios will focus on wastewater treatment for the entire service area being provided by Charles Town, Tuscahill and Willow Spring wastewater treatment plants.
- The WV IJDC application for Project 2012S-1350 to achieve nutrient reductions at the Charles Town WWTP for permitted flow of 1.75 MGD received approval.
- The Charles Town WWTP has a volumetric capacity of 1.75 million gallons per day (mgd). The nutrient limits for this facility include 26,636 pounds of nitrogen and 2,664 pounds of phosphorus

annually. Charles Town is currently constructing an upgrade referred to as the Charles Town WWTP Improvements Project Phase 1. Initial design of this project forecasted reductions for the discharge of total nitrogen and total phosphorus into the receiving waters for up to current flows. This plan will demonstrate greater nutrient reductions based on more recent operational data. The construction cost is \$3,795,000 and an additional \$84,000 in annual O&M.

Customer Statistics

The average number of System customers for the past ten Fiscal Years are as follows:

Fiscal Year (ending June 30)	Water Customers	Sewer Customers (Charles Town Only)
2005	5,685	2,519
2006	5,977	2,539
2007	6,193	-
2008	6,979	-
2009	7,162	2,898
2010	5,237	2,909
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083

In addition to its residential and commercial customers, the City treats the wastewater from the City of Ranson and Jefferson County Public Service District.

Source: City of Charles Town

The following table sets forth the **ten largest customers of the water portion** of the System and related annual revenues for the fiscal year ended June 30, 2015.

Customer	Consumption Gallons	Revenue
PNGI CT GAMING	50,039,000	\$192,591
HOLIDAY INN EXPRESS	4,123,000	\$23,565
WILLOW TREE MANOR	3,609,000	\$21,453
PNGI CT GAMING	3,498,000	\$13,526
HAMPTON INN	3,471,700	\$20,953
APPLE TREE GARDEN APTS	2,920,100	\$24,374
UNIWEST CAR WASH LLC	2,387,000	\$14,214
CHARLES TOWERS ASSOC	2,186,000	\$20,526
JEFFERSON MEMORIAL	2,124,000	\$12,881
GANTT MILLER	2,020,000	\$20,067

Source: City Billing Records

The following tables set forth the **ten largest customers of each respective sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2015.

SEWER - City of Charles Town

Customer	Consumption Gallons	Revenue
WILLOW TREE MANOR	3,649,000	\$25,995
CHARLES TOWER ASSOC	2,057,500	\$23,457
GANTT MILLER	1,780,000	\$22,589
JEFFERSON CO BOARD OF ED	1,340,000	\$15,439
WHALE OF A WASH	1,155,600	\$8,574
UNITED BANK	751,100	\$5,748
WENDYS	518,400	\$4,103
JEFFERSON CO BOARD OF ED	506,200	\$3,938
MIRTA QSR KNE LLC	451,700	\$3,650
FRITTS RUSSEL J	424,000	\$4,054

SEWER - Willow Spring

Customer	Consumption Gallons	Revenue
WILLOW SPRING FARM APTS 2	1,369,000	\$15,790
SPARTI LLC	1,225,400	\$14,121
RUBY TUESDAYS	1,192,000	\$13,737
WEST RIDGE INN	1,180,000	\$13,599
WILLOW SPRING FARM APTS 3	1,160,000	\$13,944
CT LMTD PART. 6	897,300	\$10,348
GOLDS GYM	766,900	\$8,848
WILLOW SPRING FARM APTS 1	730,000	\$11,667
SHEETZ	697,100	\$8,144
WILLOW SPRING FARM APTS 5	667,800	\$10,004

SEWER - Sanitary Assc.

Customer	Consumption Gallons	Revenue
WALMART	1,615,200	\$11,554
SPRING RUN APTS	1,233,000	\$10,789
LAUNDRY HOUSE	762,000	\$5,611
CHINA FORTUNE	454,700	\$3,452
PATRICK HENRY APTS 6	257,600	\$2,839
PATRICK HENRY APTS 5	210,600	\$2,839
PATRICK HENRY APTS 2	182,900	\$2,271
PATRICK HENRY APTS 1	153,300	\$2,271
PATRICK HENRY APTS 4	150,700	\$2,839
PATRICK HENRY APTS 3	134,800	\$1,420

Source: City Billing Records

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:

SCHEDULE I

APPLICABILITY

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
All over	40,000 gallons used per month	\$5.53 per 1,000 gallons

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

5/8" of 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	\$1,029.00 per month

FLAT RATE

For Domestic, Commercial or Industrial Customer --\$37.04 per month for 4,500 gallons.

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 schedule is net. On all accounts not paid in full 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	\$00.20 per annum

RATES FOR FIRE PROTECTION - PRIVATE

Fire Hydrants, each	\$72.00 per annum
Sprinkler Heads, each	\$00.20 per annum

SCHEDULE II

CAPACITY IMPROVEMENTS 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 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 than single family residential units for the capacity improvements capital cost fee are as follows:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENTS CAPITAL COST FEE

<u>UNIT</u>	<u>GALLONS PER DAY</u>	<u>RESIDENTIAL USAGE EQUIVALENT</u>
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	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/person per shift
Hotel	120/room	0.8/person per shift
Industry	15/person/shift	0.1 person per shift
<u>Institutions:</u>		
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
<u>School:</u>		
Day, no cafeteria/Showers	15/pupil	0.1/pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria/Showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100ft. of sales area

Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Theater	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the water department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

Current Sewer Rates

The Public Service Commission authorized a sewer rate increase effective for all service rendered on or after the completion of an improvements project undertaken in 2013. The current rates are as follows:

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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	\$13.84	per 1,000 gallons
Next	8,000 gallons used per month	\$9.96	per 1,000 gallons
Next	20,000 gallons used per month	\$9.04	per 1,000 gallons
All over	30,000 gallons used per month	\$8.01	per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$27.68 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, \$52.58 per month.

RESALE RATE

\$7.12 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 accounts not paid in full when due, 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

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.

LEAK ADJUSTMENT

\$0.95 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

The security deposit shall be \$50.00.

SCHEDULE II

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 Ordinance 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 capital capacity improvement fee – Huntfield pump station of \$2,875 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 capital capacity improvement fee – Huntfield pump station shall be based upon the following:

**RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE**

<u>UNIT</u>	<u>WATER GALLONS/DAY</u>	<u>RESIDENTIAL USAGE EQUIVALENT</u>
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
<u>Institutions:</u>		
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
<u>School:</u>		
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.

Summary of Doubtful Accounts

Provision for Year Ended June 30	Operating Revenues	Doubtful Accounts	Accounts Receivable Written Off
2008	\$4,724,696	-0-	\$ 8,786
2009	\$5,144,621	-0-	\$ 9,961
2010	\$5,118,257	-0-	\$18,853
2011	\$5,358,739	-0-	\$42,493
2012	\$5,277,810	-0-	\$29,979
2013	\$5,140,410	-0-	\$29,630

Source: City Billing Records, Public Service Commission Annual Report

The City has covenanted to diligently enforce and collect all fees and charges as described in "APPENDIX F — FORM OF ORDINANCES".

System Budget and Expenditures

An operating budget is prepared annually by the Utility Board and is approved by the Council.

Method of Accounting

The accounts of the Water and Sewer Funds are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the City accounts are maintained in accordance with generally accepted accounting principles. Perry & Associates, Certified Public Accountants, A.C. audited the records of the City for the fiscal year ended June 30, 2014. (See “APPENDIX C – FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN.”)

Retirement System Contributions

Fiscal Years Ended June 30	2009	2010	2011	2012	2013	2014
City Contribution Amount(1)	\$280,688	\$124,530	\$137,336	\$158,110	\$149,918	\$155,799

(1) Fiscal Year Ended June 30, 2009 includes contributions made on behalf of all City employees. Fiscal Years Ended June 30, 2010, 2011, 2012, 2013 and 2014 include contributions made on behalf of Charles Town Utility Board employees.

Source: City of Charles Town Audits

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APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN UTILITY BOARD FOR THE
FISCAL YEAR JUNE 30, 2014**

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569



PERRY & Associates

Certified Public Accountants, A.C.

**CHARLES TOWN UTILITY BOARD
Component Unit of the
Municipality of Charles Town
JEFFERSON COUNTY
Single Audit
For the Year Ended June 30, 2014
RFP #14-009**

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**CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY
FOR THE YEAR ENDED JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

March 20, 2015

Charles Town Utility Board
Jefferson County
832 South George Street
Charles Town, WV 25414

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Charles Town Utility Board**, a component unit of the Municipality of Charles Town, Jefferson County, West Virginia (the Utility Board), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Utility Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Utility Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Utility Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

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Basis for Qualified Opinion

The Utility Board has elected not to record the 2014 OPEB expense that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America. If the OPEB expense was recorded, OPEB liability would increase \$15,322, and net position would decrease by \$15,322 as of June 30, 2014. Additionally, expenses would increase by \$15,322 for the year ending June 30, 2014. In addition the Utility Board has elected not to record previous periods OPEB expense that, in our opinion, should be recorded in order to conform to accounting principles generally accepted in the United States of America. If the previous OPEB expense was recorded the OPEB liability would be \$625,191 as of June 30, 2014.

Qualified Opinion

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Charles Town Utility Board, as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information.

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule of Federal Awards Expenditures is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards Expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015 on our consideration of the Utility Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility Board's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014
(Unaudited)

The discussion and analysis of the Charles Town Utility Board's (Utility Board) financial performance provides an overview of the Utility Board's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Utility Board's financial statements.

FINANCIAL HIGHLIGHTS

The Utility Board's net position increased \$1.2 million as a result of this year's operations. Net position of the water fund increased \$0.1 million compared to the previous year, or 3 percent, net position of the sewer fund increased by \$1.1 million, or 28 percent compared to the previous year.

The Utility Board's operating revenues increased by \$0.9 million and operating expenses increased \$0.9 million compared to the previous year. Water fund operating revenues increased by \$0.1 million and water fund operating expenses increased by \$0.1 million compared to the previous year. Sewer fund operating revenues increased \$0.8 million and sewer operating expenses increased \$0.8 million compared to the previous year.

Operating income remained constant at \$0.2 million for the water fund and remained constant at \$0.6 million for the sewer fund compared to the previous year.

USING THIS ANNUAL REPORT

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Utility Board's financial statements. The Utility Board's financial statements and Notes to the Financial Statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types, except that the Utility Board has elected to not record the liability for other post employment benefits (OPEB). In accordance with the implementation of GASB No. 65, the Utility Board restated beginning net position by charging-off \$1.4 million of previously capitalized debt issuance costs. All comparisons in this report reflect the cumulative adjustment related to the adoption of GASB No. 65.

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Utility Board's finances, in a manner similar to private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

The Statement of Net Position presents information on all the Utility Board's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Utility Board is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Utility Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in different fiscal periods (e.g., depreciation and earned but unused vacation leave).

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014
(Unaudited)

The Statement of Cash Flows presents the Utility Board's sources and uses of cash and changes in cash balances between the current and prior year.

The basic financial statements report all Utility Board financial activities. The activities are primarily supported by water and sewer user fees. The Utility Board's mission is furthering the preservation of public health, comfort and convenience of the residents of the Municipality of Charles Town and surrounding areas by providing water and sewer services to customers in its franchise area.

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in the financial statements mentioned at #2 above.

REPORTING THE UTILITY BOARD AS A WHOLE

The analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the Utility Board's financial activities.

Table 1 - Net Position (in Millions)

	<u>Water</u>		<u>Sewer</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 4.0	\$ 3.6	\$ 2.5	\$ 1.4	\$ 6.5	\$ 5.0
Capital assets	14.9	14.8	28.0	22.7	42.9	37.5
Deferred outflows of resources	0.7	0.8	0.2	0.2	0.9	1.0
Total assets and deferred outflows of resources	\$ 19.6	\$ 19.2	\$ 30.7	\$ 24.3	\$ 50.3	\$ 43.5
Long-term debt outstanding	\$ 15.7	\$ 15.4	\$ 25.4	\$ 20.0	\$ 41.1	\$ 35.4
Other liabilities	0.6	0.6	0.3	0.4	0.9	1.0
Total liabilities	16.3	16.0	25.7	20.4	42.0	36.4
Net position:						
Net investment in capital assets	(0.1)	0.2	2.7	2.9	2.6	3.1
Restricted	3.3	2.6	2.0	1.1	5.3	3.7
Unrestricted	0.1	0.4	0.3	(0.1)	0.4	0.3
Total net position	3.3	3.2	5.0	3.9	8.3	7.1
Total liabilities and net position	\$ 19.6	\$ 19.2	\$ 30.7	\$ 24.3	\$ 50.3	\$ 43.5

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014
 (Unaudited)

Net position of the Utility Board as a whole increased by 17 percent (\$1.2 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$0.3 million at June 30, 2013, to \$0.4 million at the end of this year.

Water net position increased by \$0.1 million or 3 percent and sewer net position increased by \$1.1 million or 28 percent.

By far, the largest portion of the Utility Board's assets reflects its investment in capital assets. The Utility Board uses these capital assets to provide water and sewer services to its customers; consequently, these assets are not available for future spending.

Table 2 - Changes in Net Position (in Millions)

	Water		Sewer		Total	
	2014	2013	2014	2013	2014	2013
Operating revenues	\$ 3.2	\$ 3.1	\$ 2.9	\$ 2.1	\$ 6.1	\$ 5.2
Operating expenses	3.0	2.9	2.3	1.5	5.3	4.4
Operating income	0.2	0.2	0.6	0.6	0.8	0.8
Non-operating revenues (expenses)	(0.2)	(0.2)	(0.4)	(0.3)	(0.6)	(0.5)
Changes in net position before capital contributions	-	-	0.2	0.3	0.2	0.3
Capital contributions	0.1	0.2	0.8	0.1	0.9	0.3
Change in net position	<u>\$ 0.1</u>	<u>\$ 0.2</u>	<u>\$ 1.0</u>	<u>\$ 0.4</u>	<u>\$ 1.1</u>	<u>\$ 0.6</u>

The Utility Board's operating revenues increased by \$0.9 million or 17 percent. The operating expenses increased by \$0.9 million or 20 percent. The analysis separately considers the operations of the water and sewer funds.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2014, budgets were prepared by the Utility Board and were approved by the Utility Board of Directors. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with principles used in the preparation of the basic financial statements.

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014
 (Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Utility Board had \$42.9 million invested in a broad range of capital assets, including land, structures, machinery and equipment, and water and sewer lines (see Table 3 below). This amount represents a net increase (including additions and disposals) of \$5.4 million.

Table 3 - Capital Assets at Year-End (Net of Depreciation, in Millions)

	<u>2014</u>	<u>2013</u>
Capital assets not depreciated - utility plant	\$ 1.5	\$ 13.1
Capital assets depreciated - utility plant	<u>59.9</u>	<u>41.5</u>
Totals	61.4	54.6
Accumulated depreciation	<u>(18.5)</u>	<u>(17.1)</u>
Capital assets, net of depreciation	<u><u>\$ 42.9</u></u>	<u><u>\$ 37.5</u></u>

Additions for the year ended June 30, 2014 are as follows (in Millions)

Tuscawilla sewer treatment plant upgrade	\$ 3.0
Avis Street tank painting	0.3
Willow Spring sewer system	1.4
Huntfield pump-over line	0.9
Water system generators	0.9
Various water and sewer projects	<u>0.3</u>
Total 2014 additions	<u><u>\$ 6.8</u></u>

Debt

At year-end, the Utility Board had \$41.1 million in long-term debt outstanding compared to \$35.4 million in the previous year.

Table 4 - Outstanding Debt at Year-End (in Millions)

	<u>2014</u>	<u>2013</u>
Leases	\$ 0.4	\$ 0.5
Loans (Municipality of Charles Town)	0.6	0.6
Notes	0.1	0.1
Bonds	<u>40.0</u>	<u>34.2</u>
Total	<u><u>\$ 41.1</u></u>	<u><u>\$ 35.4</u></u>

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014
(Unaudited)

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 notes, loans, and obligations under capital leases. More detailed information about the Utility Board's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS

The Utility Board's appointed officials considered many factors when setting the fiscal-year 2014 budget. One of those factors was the economy. The County's population has a direct impact on the Utility Board's economic growth.

The Utility Board 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 of the Utility Board.

CONTACTING THE UTILITY BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, and investors and creditors with a general overview of the Utility Board's finances and to show the Utility Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Utility Manager at 832 South George Street, Charles Town, WV 25414.

Charles Town Utility Board
STATEMENT OF NET POSITION
June 30, 2014

	Water Fund	Sewer Fund	Totals
ASSETS			
Current:			
Cash	\$ 122,781	\$ 155,594	\$ 278,375
Receivables, net of allowances	163,611	99,156	262,767
Due from sewer fund	1,369	-	1,369
Due from associated companies	-	115,488	115,488
Inventory, at cost	101,014	570	101,584
Accrued utility revenue	266,887	164,098	430,985
Total current assets	655,662	534,906	1,190,568
Restricted:			
Debt service funds	1,760,468	980,107	2,740,575
Construction funds	426,204	631,942	1,058,146
Capacity improvement funds	1,061,954	375,586	1,437,540
Repair and replacement funds	140,491	68,629	209,120
Total restricted assets	3,389,117	2,056,264	5,445,381
Capital Assets:			
Utility plant in service	26,194,303	34,190,495	60,384,798
Less: accumulated depreciation and amortization	11,828,800	6,702,622	18,531,422
Net utility plant in service	14,365,503	27,487,873	41,853,376
Construction in progress	518,975	471,174	990,149
Total capital assets	14,884,478	27,959,047	42,843,525
Deferred Outflow of Resources:			
Unamortized amounts from refunding of debt	705,253	186,663	891,916
Total deferred outflows	705,253	186,663	891,916
Total assets and deferred outflows	\$ 19,634,510	\$ 30,736,880	\$ 50,371,390

See accompanying notes the financial statements.

Charles Town Utility Board
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2014

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES			
(PAYABLE FROM CURRENT ASSETS)			
Accounts payable	\$ 168,900	\$ 90,162	\$ 259,062
Accrued expenses	193,417	102,874	296,291
Customer deposits	144,633	76,353	220,986
Due to other utilities	1,308	-	1,308
Due to water fund	-	1,369	1,369
Due to City of Charles Town	250	-	250
Capital lease payable (current portion)	86,121	6,492	92,613
Notes payable (current portion)	16,089	19,877	35,966
	<u>610,718</u>	<u>297,127</u>	<u>907,845</u>
CURRENT LIABILITIES			
(PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	718,321	1,009,322	1,727,643
Accrued revenue bond interest payable	97,997	47,264	145,261
	<u>816,318</u>	<u>1,056,586</u>	<u>1,872,904</u>
LONG-TERM LIABILITIES			
(NET OF CURRENT PORTION)			
Revenue bonds payable	14,102,757	24,244,547	38,347,304
Capital lease payable	310,590	6,817	317,407
Notes payable	-	28,871	28,871
Accrued expenses	47,798	20,847	68,645
Loan from Charles Town	475,460	126,887	602,347
	<u>14,936,605</u>	<u>24,427,969</u>	<u>39,364,574</u>
Total long-term liabilities	<u>14,936,605</u>	<u>24,427,969</u>	<u>39,364,574</u>
Total liabilities	<u>16,363,641</u>	<u>25,781,682</u>	<u>42,145,323</u>
NET POSITION			
Net investment in capital assets	(119,607)	2,702,897	2,583,290
Restricted	3,291,120	2,009,000	5,300,120
Unrestricted	99,356	243,301	342,657
	<u>3,270,869</u>	<u>4,955,198</u>	<u>8,226,067</u>
Total net position	<u>3,270,869</u>	<u>4,955,198</u>	<u>8,226,067</u>
Total liabilities and net position	<u>\$ 19,634,510</u>	<u>\$ 30,736,880</u>	<u>\$ 50,371,390</u>

See accompanying notes to the financial statements.

Charles Town Utility Board
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Sales and services to customers	<u>\$ 3,169,743</u>	<u>\$ 2,923,964</u>	<u>\$ 6,093,707</u>
Total operating revenues	<u>3,169,743</u>	<u>2,923,964</u>	<u>6,093,707</u>
OPERATING EXPENSES			
Personal services	756,153	608,689	1,364,842
Contractual services	103,407	149,366	252,773
Administrative and general	151,471	123,854	275,325
Materials and supplies	237,532	217,674	455,206
Utilities	124,110	249,745	373,855
Maintenance	762,880	367,402	1,130,282
Depreciation and amortization	<u>818,536</u>	<u>583,109</u>	<u>1,401,645</u>
Total operating expenses	<u>2,954,089</u>	<u>2,299,839</u>	<u>5,253,928</u>
Operating income	<u>215,654</u>	<u>624,125</u>	<u>839,779</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	3,254	755	4,009
Interest and fiscal charges	(636,667)	(268,530)	(905,197)
Bond issuance costs	(61,929)	(120,041)	(181,970)
Miscellaneous revenues	<u>432,567</u>	<u>-</u>	<u>432,567</u>
Total nonoperating revenues (expenses)	<u>(262,775)</u>	<u>(387,816)</u>	<u>(650,591)</u>
Income before contributed capital	(47,121)	236,309	189,188
CONTRIBUTED CAPITAL	<u>147,002</u>	<u>802,150</u>	<u>949,152</u>
Change in net position	99,881	1,038,459	1,138,340
Total net position at beginning of year, as restated	<u>3,170,988</u>	<u>3,916,739</u>	<u>7,087,727</u>
Total net position at end of year	<u><u>\$ 3,270,869</u></u>	<u><u>\$ 4,955,198</u></u>	<u><u>\$ 8,226,067</u></u>

See accompanying notes to the financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS
For the year ended June 30, 2014

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 3,120,192	\$ 2,883,069	\$ 6,003,261
Cash paid for operation and maintenance expenses	(2,096,295)	(1,641,543)	(3,737,838)
Net cash provided by operations	1,023,897	1,241,526	2,265,423
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(887,477)	(5,823,138)	(6,710,615)
Bond acquisition costs paid	(61,929)	(120,041)	(181,970)
Proceeds from revenue bonds and long-term debt	1,136,500	6,219,731	7,356,231
Principal paid on revenue bonds and long-term debt	(783,695)	(886,152)	(1,669,847)
Interest paid on bonds, notes and leases payable	(565,009)	(230,132)	(795,141)
Increase in restricted assets, net	(710,233)	(888,569)	(1,598,802)
Contributed capital	147,002	802,150	949,152
Net cash used in capital and related financing activities	(1,724,841)	(926,151)	(2,650,992)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	435,821	755	436,576
Interdepartmental advances/repayments	252,000	(252,000)	-
Payments to other utilities	(15,086)	-	(15,086)
Repayment of City of Charles Town general fund advances	(7,658)	(4,908)	(12,566)
Net cash provided by (used in) investing activities	665,077	(256,153)	408,924
Net increase (decrease) in cash and cash equivalents	(35,867)	59,222	23,355
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	158,648	96,372	255,020
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 122,781	\$ 155,594	\$ 278,375

See accompanying notes to the financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2014

	Water Fund	Sewer Fund	Totals
Operating income	\$ 215,654	\$ 624,125	\$ 839,779
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	818,536	583,109	1,401,645
Decrease (increase) in receivables	23,622	9,510	33,132
Decrease (increase) in accrued revenues	(5,614)	(68,202)	(73,816)
Decrease (increase) in inventory	(21,447)	-	(21,447)
Increase (decrease) in accounts payable	68,531	69,835	138,366
Increase (decrease) in customer deposits	(67,559)	17,797	(49,762)
Increase (decrease) in accrued expenses	(7,826)	5,352	(2,474)
	<u>\$ 1,023,897</u>	<u>\$ 1,241,526</u>	<u>\$ 2,265,423</u>

**SUPPLEMENTAL DISCLOSURES
OF CASH FLOW INFORMATION**

Noncash investing, capital, and financing transactions:

None

RECONCILIATION OF CASH

Cash per statement of net position	\$ 122,781	\$ 155,594	\$ 278,375
Cash per statement of cash flows	\$ 122,781	\$ 155,594	\$ 278,375

See accompanying notes to the financial statements.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

The Charles Town Utility Board (the "Utility Board") is a component unit of the Municipality of Charles Town, West Virginia. The Utility Board's purpose is furthering the preservation of the public health, comfort, and convenience of the residents of the Municipality of Charles Town and surrounding areas by providing water and sewer services to customers in its franchise area. The Utility Board is governed by a board of directors who are appointed by the Municipality of Charles Town. The Utility Board serves approximately 5,800 water customers and 3,100 sewer customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the Utility Board are described below.

Reporting Entity

For financial reporting purposes, the Utility Board is considered a component unit of the Municipality of Charles Town. The basic criteria for defining the Utility Board as a component unit of the Municipality of Charles Town is the financial interdependence, accountability for fiscal matters, significant influence on operations and ability to designate management.

For purposes of regulation by the West Virginia Public Service Commission and as required by its revenue bond issues, water and sewer are maintained as separate funds with separate books of account.

Basis of Presentation

The accounting policies of the Utility Board conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. The Utility Board accounts for its operations in a manner similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The costs (including depreciation) of providing goods and services to customers on a continuing basis are recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and accountability.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Revenues and expenses of the Utility Board are accounted for within two funds, both of which are enterprise funds. The Utility Board uses the accrual basis of accounting for its enterprise funds, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Utility Board. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange or ancillary activities.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

When both restricted and unrestricted resources are available for use, it is the Utility Board's policy to use restricted resources first, and then the unrestricted resources as needed. See Note 1 for information describing restricted assets.

Utility Plant

Utility plant purchased or acquired under capital leases by the Utility Board is stated at cost and utility plant contributed to the Utility Board is stated at fair market value at the time received. Depreciation is provided on all utility plant in service based on the estimated useful lives, which range from 5 to 50 years, using the straight-line method. The Utility Board's policy is to capitalize all property, plant, and equipment with a purchase price greater than \$1,000.

Expenditures for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

Interest related to construction projects is capitalized as a cost of the project. There was no capitalized interest for the year ended June 30, 2014.

The depreciation/amortization of assets acquired under capital leases or in excess of predecessor book value are included in depreciation expense.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Utility Board considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three months or less, to be cash equivalents.

Cash and cash equivalents at June 30, 2014 includes deposits of \$3,123,721 at five banks. Deposits are FDIC insured and deposits in excess of FDIC limits are 100% collateralized with securities held by the financial institution in the name of the Utility Board.

All carrying values are the same as market values.

Restricted Assets

Assets whose use is limited include:

Debt service funds and debt service reserve funds represent funds required by debt covenants under the various debt ordinances. These funds are to be used to pay bond interest and principal.

Construction funds represent funds held by banks as trustees under the bond ordinances. These funds are to be used solely for payment of costs associated with the Utility Board's ongoing construction projects.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets (continued)

Capacity improvement funds are established by ordinance and subject to West Virginia Public Service Commission regulation. The capacity improvement fund is to be kept apart from all other funds and shall be invested and reinvested in accordance with applicable regulation. Withdrawals and disbursements may be made for replacements, emergency repairs, improvements, and upgrades to the system.

The repair and replacement fund represents funds held by a bank under the Utility Board's bond ordinances. Withdrawals may be made for replacement and emergency repairs.

All carrying values are the same as market values.

Revenue Recognition

The Utility Board's policy is to recognize revenue on the accrual basis. The Utility Board accrues revenue earned but not billed.

Accounts Receivable and Bad Debts

The Utility Board's management periodically analyzes delinquent accounts of the water and sewer funds and uses the allowance method for accounting for bad debts. At June 30, 2014, accounts receivable for the water and sewer funds are \$163,611 and \$99,156, respectively, net of allowance for doubtful accounts. Revenue accrued but not billed for the water and sewer funds at June 30, 2014 are \$266,887 and \$164,098, respectively.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets applicable to a future reporting period and will not be recognized as an expense until then. Deferred amounts from the refunding of debt will be recognized as interest expense in the appropriate reporting period.

Advance Refunding of Debt

Deferred amounts resulting from advance refunding of debt are being amortized by the straight-line method over the life of the new debt.

Income Taxes

The Utility Board is exempt from federal and state income taxes as a subdivision of the Municipality of Charles Town.

Inventories

Inventories consist of expendable supplies and are accounted for on a first-in first-out basis. Inventories approximate fair market value at June 30, 2014.

Compensated Absences

The Utility Board's policy is to permit employees to accumulate earned but unused vacation benefits. The Utility Board fully recognizes the liability related to compensated absences in the funds. Compensated absences amounted to \$68,645 at June 30, 2014.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Nonexchange Transactions

The Utility Board follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The Utility Board receives voluntary nonexchange transactions from developer and customer donations of cash, property, lines and improvements. In addition, the Utility Board receives various capital grants from federal and state agencies. These donations are considered capital contributions on the Statements of Revenues, Expenses and Changes in Net Position.

Customer Deposits

Customer deposits are refunded after bills for service have been paid on time for twelve consecutive months.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when legal limitations are imposed on its use by legislation or external restrictions by creditors, grantors, laws or regulations of other governments. Unrestricted net position is net position that does not meet the definition of “net investment in capital assets, or restricted net position”.

Interfund Transactions

Interfund transactions are fully reflected in the financial statements and recorded through applicable “due to/due from” asset and liability accounts.

NOTE 2 - CASH

Cash consists of the following accounts and amounts at June 30, 2014:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Petty cash	\$ 75	\$ 75	\$ 150
Operations and maintenance accounts	68,564	83,709	152,273
Security deposit accounts	54,142	71,810	125,952
	<u>\$122,781</u>	<u>\$ 155,594</u>	<u>\$ 278,375</u>

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - CAPITAL ASSETS

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014
Capital Assets Not Depreciated				
Land and land rights	\$ 525,800	\$ -	\$ -	\$ 525,800
Construction in progress	12,615,531	-	11,625,382	990,149
Total Capital Assets Not Depreciated	13,141,331	-	11,625,382	1,515,949
Capital Assets Depreciated				
Utility plant in service	41,477,660	18,381,338	-	59,858,998
Less accumulated depreciation	(17,129,777)	(1,401,645)	-	(18,531,422)
Net Capital Assets Depreciated	24,347,883	16,979,693	-	41,327,576
Total Capital Assets	\$ 37,489,214	\$ 16,979,693	\$11,625,382	\$ 42,843,525

NOTE 4 - LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2014:

Bonds Payable - Water Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2013	Additions	Payments	Balance June 30, 2014	Due Within One Year
1987B	2026	0.00%	\$ 152,390	\$ -	\$ 10,885	\$ 141,505	\$ 10,885
1988B	2028	0.00%	228,916	-	14,308	214,608	14,308
1989B	2029	0.00%	51,210	-	3,012	48,198	3,012
2002A	2039	5.80%	981,887	-	15,896	965,991	16,818
2002B	2042	0.00%	2,711,687	-	93,507	2,618,180	93,507
2002C	2032	variable	2,065,953	-	79,800	1,986,153	69,300
2003A	2032	variable	825,000	-	25,000	800,000	25,000
2006B	2026	variable	1,520,000	-	85,000	1,435,000	90,000
2009A	2029	variable	4,916,700	-	315,900	4,600,800	332,100
2010A	2031	2.00%	827,024	-	39,219	787,805	40,009
2010B	2031	2.00%	90,637	-	4,299	86,338	4,382
2013B	2043	4.70%	-	1,136,500	-	1,136,500	19,000
Total Bonds Payable			\$ 14,371,404	\$1,136,500	\$686,826	\$ 14,821,078	\$ 718,321

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - LONG-TERM DEBT (continued)

Bonds Payable - Water Fund (continued)

Maturities of water bonds payable for years succeeding June 30, 2014, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 718,321	\$ 529,698	\$ 1,248,019
2016	645,196	508,461	1,153,657
2017	672,439	486,768	1,159,207
2018	688,563	463,611	1,152,174
2019	710,965	439,258	1,150,223
2020-2024	3,956,778	1,778,838	5,735,616
2025-2029	3,969,140	960,092	4,929,232
2030-2034	1,788,469	397,132	2,185,601
2035-2039	1,000,450	180,149	1,180,599
2040-2043	670,757	45,147	715,904
	<u>\$ 14,821,078</u>	<u>\$ 5,789,154</u>	<u>\$ 20,610,232</u>

Bonds Payable - Sewer Fund

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
1988B	2028	0.00%	\$ 121,392	\$ -	\$ 7,588	\$ 113,804	\$ 7,588
1998 Design	2019	2.00%	155,918	-	23,659	132,259	24,136
2000A	2021	2.00%	1,499,886	-	163,545	1,336,341	166,839
2002C	2032	variable	1,209,047	-	25,200	1,183,847	40,700
2005A	2035	7.00%	210,000	-	210,000	-	-
2006A	2028	variable	1,495,000	-	60,000	1,435,000	65,000
2009A	2028	variable	1,153,300	-	74,100	1,079,200	77,900
2010C	2041	0.00%	1,166,664	-	41,668	1,124,996	41,668
2010D	2041	0.00%	466,664	-	16,668	449,996	16,668
2011A	2041	0.00%	9,720,130	2,992,534	239,040	12,473,624	478,080
2011B	2032	0.00%	2,000,000	-	-	2,000,000	-
2012A	2039	0.00%	621,731	872,264	-	1,493,995	46,000
2013A	2044	0.50%	75,876	318,485	-	394,361	13,743
2013B	2043	4.70%	-	1,833,500	-	1,833,500	31,000
2014A	2046	0.50%	-	202,946	-	202,946	-
Total Bonds Payable			<u>\$ 19,895,608</u>	<u>\$6,219,729</u>	<u>\$861,468</u>	<u>\$ 25,253,869</u>	<u>\$ 1,009,322</u>

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - LONG-TERM DEBT (continued)

Bonds Payable - Sewer Fund (continued)

Maturities of sewer bonds payable for years succeeding June 30, 2014, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,009,322	\$ 379,766	\$ 1,389,088
2016	1,039,204	377,609	1,416,813
2017	1,142,430	393,410	1,535,840
2018	1,117,242	356,019	1,473,261
2019	1,130,428	329,834	1,460,262
2020-2024	5,737,678	1,348,570	7,086,248
2025-2029	5,481,008	869,300	6,350,308
2030-2034	4,136,688	547,357	4,684,045
2035-2039	3,317,990	396,426	3,714,416
2040-2044	1,141,879	115,414	1,257,293
2045-2046	-	-	-
	<u>\$ 25,253,869</u>	<u>\$ 5,113,705</u>	<u>\$ 30,367,574</u>

Interest in the above schedule includes administrative fees payable to the West Virginia State Revolving Fund program.

The water and sewer bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system.

The covenants contained in the water and sewer bond issues include a required debt service coverage ratio of 115%. The Utility Board met the required coverage for the year ended June 30, 2014.

The water and sewer bond issues require monthly deposits to the renewal and replacement fund equal to 2-1/2% of monthly gross revenues. The Utility Board's deposits, including necessary expenditures for renewals and replacements, exceeded this requirement for the year ended June 30, 2014.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - LONG-TERM DEBT (continued)

Notes Payable Bank - Water Fund

Loan from a bank in the original amount of \$299,000; monthly installments of principal and interest of \$2,664 including interest at 6.65% until 2015; secured by deed of trust. This note was divided between Water and Sewer Funds. \$ 16,089

Scheduled maturities of the note for the years succeeding June 30, 2014 are estimated as follows:

Year	Principal	Interest	Total
2015	\$ 16,089	\$ 452	\$ 16,541
	\$ 16,089	\$ 452	\$ 16,541
	\$ 16,089	\$ 452	\$ 16,541

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 2020; secured by deed of trust. \$ 29,641

Loan from a bank in the original amount of \$299,000; monthly installments of principal and interest of \$2,664 including interest at 6.65% until 2016; secured by deed of trust. This note was divided between Water and Sewer Funds. 19,107

Total \$ 48,748

Scheduled maturities of the notes for the years succeeding June 30, 2014 are estimated as follows:

Year	Principal	Interest	Total
2015	\$ 19,877	\$ 2,292	\$ 22,169
2016	8,495	1,430	9,925
2017	5,074	1,104	6,178
2018	5,392	786	6,178
2019	5,731	447	6,178
2020	4,179	99	4,278
	\$ 48,748	\$ 6,158	\$ 54,906
	\$ 48,748	\$ 6,158	\$ 54,906

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 5 - LEASE AGREEMENTS

Capital Leases

The Charles Town Utility Board is the lessor of various equipment and improvements under capital leases expiring at various times. The assets and liabilities under the capital leases are recorded at their present value of the minimum lease payments.

The lease obligations are secured by the leased equipment and/or improvements. Depreciation of assets under capital lease is included in depreciation expense for the year ended June 30, 2014.

<u>Leased Equipment</u>	<u>Expiration</u>	Water Fund	Sewer Fund
		Remaining Minimum (net of interest) Lease Payments	Remaining Minimum (net of interest) Lease Payments
Various utility improvements, equipment, and vehicles	2014-2020		
Total capital leases payable at June 30, 2014		\$ 396,711	\$ 13,309
Less: Current portion due in upcoming year		(86,121)	(6,492)
Long-term capital leases payable at June 30, 2014 (net of current portion)		<u>\$ 310,590</u>	<u>\$ 6,817</u>

Estimated minimum future lease payments under the capital leases as of June 30, 2014 are as follows:

<u>Water</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 86,121	\$ 13,610	\$ 99,731
2016	79,573	10,110	89,683
2017	82,651	7,033	89,684
2018	63,949	3,851	67,800
2019	58,539	1,863	60,402
2020	25,878	210	26,088
	<u>\$ 396,711</u>	<u>\$ 36,677</u>	<u>\$ 433,388</u>

<u>Sewer</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 6,492	\$ 665	\$ 7,157
2016	6,817	340	7,157
	<u>\$ 13,309</u>	<u>\$ 1,005</u>	<u>\$ 14,314</u>

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - PENSION PLAN

The Utility Board is a participant in the West Virginia Public Employees Retirement System (WVPERS), which is a defined benefit, cost-sharing multiple-employer pension plan. The pension plan covers all of the Utility Board's employees whose tenure is not temporary or provisional. Members' rights to employee contributions vest immediately while members with one year or more contributing service and five years or more credited service shall be eligible to retire at age 60. Contributions to the WVPERS by the Utility Board are 14.5% of eligible employees' compensation. In addition, the Utility Board withholds 4.5% of the eligible employees' compensation and remits the withholding on a monthly basis to the WVPERS. The Utility Board's contribution requirement was not actuarially determined. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act. The employer contributions for the years ended June 30, 2014, 2013, and 2012 were \$155,799, \$149,918, and \$158,110, respectively. The employee contributions for the years ended June 30, 2014, 2013, and 2012 were \$48,316, \$48,189, and \$49,069, respectively. Total covered payroll for the year ended June 30, 2014 was approximately \$1,095,816.

Information regarding benefit provisions, actuarial assumptions and funding method, pension benefit obligation (actuarial present value of projected benefits), net assets available for benefits, historical trends, and related party transactions are not readily available since such determinations are made and information is kept on a system-wide basis and not for the individual participating entities. This information is available in the separately issued financial statements of the WVPERS at Capitol Complex, Building 5, Room 1000, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305.

NOTE 7 - RETIREE HEALTH PLAN (RHP)

Plan Description

The Utility Board contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. The RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia.

Corporation Establishing the Plan and Funding Policy

Chapter 5, Article 16D of the West Virginia State Code assigns the Corporation to establish and amend benefits and provisions to the RHBT. Participating employers are contractually required to contribute at a rate based on the annual required contributions (ARC) of the plan, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Utility Board elected not to record OPEB expense for fiscal year 2014 and certain preceding years which is required under Generally Accepted Accounting Principles.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - RISK MANAGEMENT

The Utility Board 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 Utility Board participates in several risk management programs administered by the State of West Virginia.

NOTE 9 - LOAN FROM MUNICIPALITY OF CHARLES TOWN

The Municipality of Charles Town loaned the Utility Board \$640,795 to finance certain water and sewer construction projects. The loans bear no interest and are generally being repaid over a 50 year term. Annual required loan payments amount to \$12,816. The loan balances are \$475,460 and \$126,887 for the water and sewer departments, respectively, at June 30, 2014.

NOTE 10 - RESTRICTED NET ASSETS

Restricted net assets reflect that portion of total net assets legally or contractually segregated for a specific future use. The following amounts represent restricted net assets at June 30, 2014:

Cash and temporary investments	
Debt service and debt service reserve funds	\$2,740,575
Repair and replacement funds	209,120
Capacity improvement funds	1,437,540
Construction funds	1,058,146
Accrued interest	<u>(145,261)</u>
 Total	 <u><u>\$5,300,120</u></u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Utility Board is in the construction phase of various water and sewer projects with estimated costs of approximately \$5.4 million. Costs incurred through June 30, 2014 amount to approximately \$1.0 million. The projects are being financed with the proceeds from bond issuances and by a West Virginia Infrastructure and Jobs Development Council grant award.

The Utility Board anticipates receiving a grant of approximately \$9.5 million from the West Virginia Water Development Authority to offset costs related to the Tuscowilla Treatment Plant Upgrade Project. The Utility Board expects to use the grant proceeds to reduce bond debt associated with constructing the upgrade.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 12 - RESTATEMENT OF BEGINNING NET POSITION - BOND ISSUANCE COSTS

In accordance with the Utility Board's adoption of GASB Statement No. 65, bond issuance costs, excluding those related to prepaid insurance costs, are expensed as incurred. Pursuant to the adoption of this statement, unamortized bond issuance costs that were incurred and capitalized in prior years were written-off as an adjustment to beginning net position as follows:

	Water Fund	Sewer Fund	Total
Beginning net position as originally stated	\$ 3,858,899	\$ 4,595,161	\$ 8,454,060
Cumulative adjustment - adoption of GASB Statement No. 65	(687,911)	(678,422)	(1,366,333)
Beginning net position as restated	\$ 3,170,988	\$ 3,916,739	\$ 7,087,727

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For 2014, the Utility Board implemented Governmental Accounting Standards Board (GASB) Statement No. 65 Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). These changes were incorporated in the Utility Board's 2014 financial statements and as previously mentioned in Note 12, created the need for a restatement of beginning balances.

**CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through ID Number	Federal Expenditures
<u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed through the West Virginia Environmental Protection Agency Capitalization Grants for Clean Water State Revolving Funds	66.458	09DWTRFA066	<u>\$ 4,386,230</u>
Total Federal Awards Expenditures			<u><u>\$ 4,386,230</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CHARLES TOWN UTILITY BOARD
JEFERRSON COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the Utility Board's federal award programs. The schedule has been prepared on the cash basis of accounting.



428 Second St.
Marietta, OH 45750
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740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

March 20, 2015

Charles Town Utility Board
Jefferson County
832 South George Street
Charles Town, West Virginia 25414

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Charles Town Utility Board, a component unit of the Municipality of Charles Town, Jefferson County, West Virginia, (the Utility Board) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Utility Board's basic financial statements and have issued our report thereon dated March 20, 2015 wherein we qualified our opinion because the Utility Board elected not to record OPEB liability and expense as of and for the year ended June 30, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Utility Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Utility Board's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Utility Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



Compliance and Other Matters

As part of reasonably assuring whether the Utility Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Management's Response to Findings

Management's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit Management's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Utility Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Utility Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

March 20, 2015

Charles Town Utility Board
Jefferson County
832 South George Street
Charles Town, West Virginia 25414

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the **Charles Town Utility Board's**, a component unit of the Municipality of Charles Town, Jefferson County, West Virginia (the Utility Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Board's major federal program.

Management's Responsibility

The Utility Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Utility Board's compliance for the Utility Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Utility Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Utility Board's major program. However, our audit does not provide a legal determination of the Utility Board's compliance.

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
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Opinion on the Major Federal Program

In our opinion, the Utility Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The Utility Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Utility Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #66.458 – Capitalization Grants for Clean Water State Revolving Funds
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2014-001

Material Weakness

OPEB Liability

The Utility Board has elected not to record the 2014 OPEB expense that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America. If the OPEB expense was recorded, OPEB liability would increase \$15,322, and net position would decrease by \$15,322 as of June 30, 2014. Additionally, expenses would increase by \$15,322 for the year ending June 30, 2014. In addition the Utility Board has elected not to record previous periods OPEB expense that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America. If the previous OPEB expense was recorded the OPEB liability would be \$625,191 as of June 30, 2014.

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2014-001 (CONTINUED)

Management's Response - The Charles Town Utility Board acknowledges that the financial statements have the OPEB departure. For the audit period, this utility was regulated by the West Virginia Public Service Commission (WV PSC) and their policy is to disallows the unpaid OPEB. Going forward, the Utility Board is likely to be no longer regulated by the WV PSC and this liability will be reviewed and evaluated to determine compliance with generally accepted accounting principles.

3. FINDINGS FOR FEDERAL AWARDS

None.

CHARLES TOWN UTILITY BOARD
JEFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	OPEB Liability	No	Repeated as Finding 2014-001

APPENDIX D
FORM OF OPINIONS OF BOND COUNSEL

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

(Form of Opinion of Bond Counsel for the Series 2015 A Bonds)

November ____, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

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 \$_____ aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified) (the "Series 2015 A Bonds").

The Series 2015 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 17, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October ____, 2015 (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 2015 A Bonds are issued in fully registered form, are dated November ____, 2015, upon original issuance, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2016, as set forth in the Ordinance.

The Series 2015 A Bonds maturing on and after December 1, 20____, are subject to redemption at the option of the City, prior to maturity, on or after December 1, 20____, in whole at any time or in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

The Ordinance provides that the Series 2015 A Bonds are issued for the purposes, along with other funds of the Issuer available therefore, of: (i) financing the cost to currently refund the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000 (the "Series 2002 C Bonds"); (ii) paying the premium for a municipal bond debt service reserve insurance policy through Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") (the "Series 2015 A Reserve Policy") to fund the Series 2015 A Bonds Reserve Account; (iii) paying the premium for a municipal bond insurance policy (the "Series 2015 A Insurance Policy") through BAM to secure the payment of principal of and interest on the Series 2015 A Bonds; and (iv) paying certain costs of issuance of the Series 2015 A Bonds and related costs.

The Series 2015 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated October ___, 2015, 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 Certificate, the Prepayment 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 Certificate, the Prepayment 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 Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 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 Certificate and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 A Bonds, and has issued and delivered the Series 2015 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 Certificate and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2015 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458; (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000; (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000; (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000; (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192; (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977; (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000; (16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900; (17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000; (18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000; (19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000; and (20) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), dated November ____, 2015, issued concurrently herewith in the original aggregate principal amount of \$_____.

The Series 2015 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 2002 C 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 2002 C 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 2015 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 2015 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 2015 A Bonds. Prospective purchasers of the Series 2015 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 2015 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 2015 A Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (the "Tax Covenants"). Failure to comply with such Tax Covenants could cause the interest on the Series 2015 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2015 A Bonds.

The par amount of the Series 2015 A Bonds equal to the outstanding par amount of the Series 2002 C Bonds on the date the Series 2002 C Bonds are defeased with proceeds of the Series 2015 A Bonds are "deemed designated" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Issuer has designated the remaining par amount of the Series 2015 A Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph 3 of Section 265(b)(3) of the Code and has covenanted that not more than \$10,000,000 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 Series 2015 A Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, 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 2015 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2015 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 Series 2015 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 2015 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 A Bonds and the enforceability of the Series 2015 A Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, 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 2015 A Bonds.

We have examined the executed and authenticated Series 2015 A Bonds of said issue, and in our opinion, said Series 2015 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

(Form of Opinion of Bond Counsel for the Series 2015 B Bonds)

November ____, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

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 \$_____ aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds").

The Series 2015 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 17, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October ____, 2015 (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 2015 B Bonds are issued in fully registered form, are dated November ____, 2015, upon original issuance, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2016, as set forth in the Ordinance.

The Series 2015 B Bonds maturing on and after October 1, 20____, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 20____, in whole at any time or in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

The Ordinance provides that the Series 2015 B Bonds are issued for the purposes, along with other funds of the Issuer available therefore, of: (i) financing the cost to currently refund the Issuer's 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 ("Series 2009 A Bonds"); (ii) paying the premium for a municipal bond debt service reserve insurance policy through Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") (the "Series 2015 B Reserve Policy") to fund the Series 2015 B Bonds Reserve Account; (iii) paying the premium for a municipal bond insurance policy (the "Series 2015 B Insurance Policy") through BAM to secure the payment of principal of and interest on the Series 2015 B Bonds; and (iv) paying certain costs of issuance of the Series 2015 B Bonds and related costs.

The Series 2015 B Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated October ____, 2015, 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 Certificate, the Prepayment 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 Certificate, the Prepayment 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 Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 B 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 Certificate and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 B Bonds, and has issued and delivered the Series 2015 B 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 Certificate and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2015 B 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458; (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000; (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000; (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000; (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192; (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977; (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000; (16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900; (17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000; (18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000; (19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000; and (20) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), dated November ____, 2015, issued concurrently herewith in the original aggregate principal amount of \$_____.

The Series 2015 B 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 2009 A 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 2009 A 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 2015 B 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 2015 B 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 2015 B Bonds. Prospective purchasers of the Series 2015 B 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 2015 B 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 2015 B Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (the "Tax Covenants"). Failure to comply with such Tax Covenants could cause the interest on the Series 2015 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2015 B Bonds.

The par amount of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2009 A Bonds on the date the Series 2009 A Bonds are defeased with proceeds of the Series 2015 B Bonds are "deemed designated" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Issuer has designated the remaining par amount of the Series 2015 B Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph 3 of Section 265(b)(3) of the Code and has covenanted that not more than \$10,000,000 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 Series 2015 B Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, 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 2015 B Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2015 B 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 Series 2015 B 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 2015 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 B Bonds and the enforceability of the Series 2015 B Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, 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 2015 B Bonds.

We have examined the executed and authenticated Series 2015 B Bonds of said issue, and in our opinion, said Series 2015 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Certificate”) is made by the City of Charles Town, West Virginia (the “City”). By the terms of Ordinances enacted by the Council of the City on August 17, 2015, as supplemented by Supplemental Parameters Resolutions adopted by the Council of the City on September 21, 2015 (collectively, the “Ordinances”), the City authorized the issuance of its \$_____ Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified (the “Series 2015 A Bonds”) and its \$_____ Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the “Series 2015 B Bonds” and together with the Series 2015 A Bonds, collectively, the “Series 2015 Bonds”). The Series 2015 Bonds were sold pursuant to the terms of a Bond Purchase Agreement dated October __, 2015, by and between the Crews & Associates, Inc. (the “Underwriter”) and the City (the “Purchase Agreement”). The parties agree as follows:

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

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

“Annual Financial Information” means, collectively, the Financial Information and Operating Data as herein defined.

“Audited Financial Statements” means the annual financial statements with respect to the System, whether included in the annual financial statements of the City or prepared solely with respect to the System, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or the Office of the Auditor of the State of West Virginia.

“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 then current City Manager of the City.

“Dissemination Agent” shall initially mean the City, or any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the City and which has filed with the City 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.

“Financial Information” means the Audited Financial Statements for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the System for the most recent fiscal year, with the Audited Financial Statements for such fiscal year to be provided when available.

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

“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.

“Operating Data” shall mean the information regarding the System for the most recent fiscal year, as well as the four (4) immediately prior fiscal years, as reflected in the “Form of Filing of Operating Data” attached hereto as Exhibit B. The City may amend and/or modify the Form of Filing of Operating Data one or more times prior to the maturity of the Bonds if such amendment or modification, in the reasonable opinion of the City, provides either more information, or additional clarity with respect to information being provided, regarding the System.

“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 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of West Virginia.

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

“System” shall mean the combined waterworks and sewerage system of the City as of the date of this Certificate, and all future additions, extensions and betterments thereto.

SECTION 3. Provision of Annual Financial Information.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the last day of the fiscal year (presently June 30) immediately following the end of the City’s fiscal year (presently June 30) for which disclosure is due (the “Due Date”), commencing with the Fiscal Year ending June 30, 2015, provide to EMMA the Annual Financial Information

which is consistent with the requirements of this Certificate. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate. The City shall provide the Dissemination Agent with a copy of the Annual Financial Information to be filed under this Certificate. If the City's fiscal year changes, the City 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 City sixty (60) days prior to the Due Date of the Annual Financial Information that such information is due by the Due Date. Such notice from the Dissemination Agent shall include notification to the City of any prior fiscal years for which Annual Financial Information is due.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the City shall provide the Annual Financial Information to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received all, or any portion of, the Annual Financial Information, the Dissemination Agent shall contact the City to determine if the City is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA all, or any portion of, the Annual Financial Information by the date required in subsection (a), the Dissemination Agent shall (i) file with EMMA any portion of the Annual Financial Information which the City has provided, and (ii) send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the City certifying that the Annual Financial Information has been provided to EMMA pursuant to this Certificate and the date provided.

SECTION 4. Content of Annual Financial Information. The Annual Financial Information shall include the Financial Information and the Operating Data, as defined in this Certificate.

Any or all of the items comprising the Annual Financial Information may be included by specific reference to other documents, including official statements of debt issues of the City secured by the revenues of the System, which have been submitted to EMMA 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 City 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 City shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the security;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership, or similar event of the City¹;
13. the consummation of a merger, consolidation or acquisition involving the City, or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(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 City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall as soon as possible

¹ For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the City determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the City received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the City shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the City determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the City 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 City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the City. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

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

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

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the City and the Dissemination Agent may amend this Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City) and any provision of this Certificate may be waived (and the Dissemination Agent shall agree to any waiver so requested by the City), if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the City and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in, or official interpretation of, the Rule.

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

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the City 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 attorney's 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 City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the City, 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 13. Fees. The City 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 14. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the City.

SECTION 15. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Certificate and to rely upon an opinion of counsel.

[The remainder of this page intentionally left blank.]

IN WITNESS THEREOF, the City has caused this Certificate to be executed by its duly authorized representative this _____ day of _____, 2015.

CITY OF CHARLES TOWN

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: \$_____ City of Charles Town Combined Waterworks and Sewerage
System Revenue Refunding Bonds, Series 2015 A (Bank-Qualified)

\$_____ City of Charles Town Combined Waterworks and Sewerage
System Revenue Refunding Bonds, Series 2015 B (Bank-Qualified)

Date of Issuance: _____, 2015

Notice is hereby given that the City has not provided all [or a portion of] the Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed in connection with the above-referenced bond issue. [The portion of the Annual Financial Information which the City has not provided is _____.] The City anticipates that the Annual Financial Information, [or remaining Annual Financial Information, will be filed by _____, 20__.

Dated this _____.

CITY OF CHARLES TOWN, as Dissemination Agent

Authorized Representative

EXHIBIT B

FORM OF FILING OF OPERATING DATA

(This Form Utilizes the Fiscal Year ended June 30, 2014 for Illustrative Purposes Only)

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: \$_____ City of Charles Town Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 2015 A (Bank-Qualified)

\$_____ City of Charles Town Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 2015 B (Bank-Qualified)

Date of Issuance: _____, 2015

Operating Data
For Fiscal Year Ending: June 30, 20__

In compliance with the requirements of the Continuing Disclosure Certificate executed by the City of Charles Town (West Virginia) in conjunction with the above-referenced bonds, the following Operating Data with respect to the System is provided for the above-stated fiscal year and, where noted, for the four (4) immediately preceding fiscal years.

SYSTEM OPERATING DATA

Debt Service Coverage

The Audited Financial Statements for the fiscal year ended June 30, 20__ with respect to the System which have been, or will be, filed as part of the Annual Financial Information include a calculation of debt service coverage, which is incorporated herein by reference.

Total Customers in Communities Served for Fiscal Year Ended June 30, 2014

	Customers <u>At Year End</u>	Population <u>Served</u>
Charles Town	2,255	5,592
Ranson	1,095	2,672
Jefferson County	<u>1,924</u>	<u>4,887</u>
Total	5,274	13,151

Customer Statistics

The average number of System customers for the past five Fiscal Years are as follows:

<u>Fiscal Year (ending June 30)</u>	<u>Water Customers</u>	<u>Sewer Customers (Charles Town Only)</u>
2010	5,237	2,909
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted) for the past five Fiscal Years

<u>Fiscal Year (June 30)</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2010	367,021	1,575	368,596
2011	375,332	1,700	377,032
2012	384,393	1,339	385,732
2013	377,840	1,297	379,137
2014	380,190	985	381,175

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, 2015.

<u>Customer</u>	<u>Consumption Gallons</u>	<u>Revenue</u>
PNGI CT GAMING	50,039,000	\$192,591
HOLIDAY INN EXPRESS	4,123,000	\$23,565
WILLOW TREE MANOR	3,609,000	\$21,453
PNGI CT GAMING	3,498,000	\$13,526
HAMPTON INN	3,471,700	\$20,953
APPLE TREE GARDEN APTS	2,920,100	\$24,374
UNIWEST CAR WASH LLC	2,387,000	\$14,214
CHARLES TOWERS ASSOC	2,186,000	\$20,526
JEFFERSON MEMORIAL	2,124,000	\$12,881
GANTT MILLER	2,020,000	\$20,067

The following tables set forth the **ten largest customers of each respective sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2015.

SEWER - City of Charles Town

Customer	Consumption Gallons	Revenue
WILLOW TREE MANOR	3,649,000	\$25,995
CHARLES TOWER ASSOC	2,057,500	\$23,457
GANTT MILLER	1,780,000	\$22,589
JEFFERSON CO BOARD OF ED	1,340,000	\$15,439
WHALE OF A WASH	1,155,600	\$8,574
UNITED BANK	751,100	\$5,748
WENDYS	518,400	\$4,103
JEFFERSON CO BOARD OF ED	506,200	\$3,938
MIRTA QSR KNE LLC	451,700	\$3,650
FRITTS RUSSEL J	424,000	\$4,054

SEWER - Willow Spring

Customer	Consumption Gallons	Revenue
WILLOW SPRING FARM APTS 2	1,369,000	\$15,790
SPARTI LLC	1,225,400	\$14,121
RUBY TUESDAYS	1,192,000	\$13,737
WEST RIDGE INN	1,180,000	\$13,599
WILLOW SPRING FARM APTS 3	1,160,000	\$13,944
CT LMTD PART. 6	897,300	\$10,348
GOLDS GYM	766,900	\$8,848
WILLOW SPRING FARM APTS 1	730,000	\$11,667
SHEETZ	697,100	\$8,144
WILLOW SPRING FARM APTS 5	667,800	\$10,004

SEWER - Sanitary Assc.

Customer	Consumption Gallons	Revenue
WALMART	1,615,200	\$11,554
SPRING RUN APTS	1,233,000	\$10,789
LAUNDRY HOUSE	762,000	\$5,611
CHINA FORTUNE	454,700	\$3,452
PATRICK HENRY APTS 6	257,600	\$2,839
PATRICK HENRY APTS 5	210,600	\$2,839
PATRICK HENRY APTS 2	182,900	\$2,271
PATRICK HENRY APTS 1	153,300	\$2,271
PATRICK HENRY APTS 4	150,700	\$2,839
PATRICK HENRY APTS 3	134,800	\$1,420

APPENDIX F
FORM OF ORDINANCES

**CITY OF CHARLES TOWN
(WEST VIRGINIA)**

**COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED)**

CONFORMED BOND ORDINANCE

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EXHIBIT A

A-1 FORM OF SERIES 2015 A BONDS

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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 REVENUE BONDS, SERIES 2002 C 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 2015 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$3,500,000; 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 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 Revenue Bonds, Series 2002 C (Insured), dated

December 20, 2012, issued in the original aggregate principal amount of \$4,135,000 (the "Series 2002 C Bonds");

WHEREAS, the Series 2002 C Bonds were issued to finance a portion of the acquisition and construction of certain additions, betterments to the System, including the acquisition of the waterworks and sewerage system of Tuscawilla Utilities, Inc., serving Tuscawilla Hills and Locust Hills and the acquisition of certain additions and improvements to the waterworks system located near old U.S. Route 340 in the southern portion of the corporate limits of the Issuer, including water main and a water storage tank and all necessary appurtenances.

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 2002 C Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2002 C Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, in the original aggregate principal amount of not more than \$3,500,000 (the "Series 2015 A Bonds"), such Series 2015 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 2015 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 2015 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, if any, which shall insure all or any portion of the payment of principal of and interest on the Series 2015 A Bonds, the Series 2015 B Bonds or 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 2015 A Bonds, the Series 2015 B 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 2015 A Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 A BONDS, 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 2015 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 2015 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 2015 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in

the Series 2015 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 2015 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 2015 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 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 2015 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, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2009 A Bonds (if not refinanced with the proceeds of the Series 2015 B Bonds, as hereinafter defined and described), Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds,

"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 2015 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 2015 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 2015 A Bonds are privately placed, the price paid by the first buyer of the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds, the Series 2015 B 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 2015 A Bonds, the Series 2015 B Bonds and the Prior Bonds.

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

"Series 1987 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629.

"Series 1988 B-1 Bonds" means the Issuer's 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.

"Series 1988 B-2 Bonds" means the Issuer's 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.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480.

"Series 1998 Bonds" means the Issuer's 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.

"Series 2000 A Bonds" means the Issuer's 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.

“Series 2002 A Bonds” means the Issuer’s 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.

“Series 2002 B Bonds” means the Issuer’s 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.

“Series 2002 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000.

“Series 2009 A Bonds” means the Issuer’s 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.

“Series 2010 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458.

“Series 2010 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000.

“Series 2010 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000.

“Series 2010 D Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000.

“Series 2011 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192.

"Series 2013 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977.

"Series 2013 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000.

“Series 2014 A Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900.

“Series 2014 C Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000.

“Series 2014 D Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000.

“Series 2014 E Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000.

“Series 2015 B Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, of the Issuer, to be issued contemporaneously with the Series 2015 A Bonds in the principal amount of not more than \$5,500,000, for the purpose of refinancing the Issuer’s Series 2009 A Bonds.

“Series 2015 B Ordinance” means the Ordinance of the Issuer enacted on August 17, 2015, as supplemented, authorizing the issuance of the Series 2015 B Bonds.

"Series 2015 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2015 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2015 A Bonds Redemption Account" means the Series 2015 A Bonds Redemption Account established in the Series 2015 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 A Bonds Reserve Account" means the Series 2015 A Bonds Reserve Account established in the Series 2015 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2015 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2015 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2015 A Bonds.

"Series 2015 A Bonds Sinking Fund" means the Series 2015 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2015 A Bonds, the Series 2015 B 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 2015 A Bonds and authorizing the sale of the Series 2015 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, the Series 2015 A Bonds or the Series 2015 B 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 2015 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 2002 C 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 2002 C Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), in the original aggregate principal amount of not more than \$3,500,000, in order to pay in full the remaining principal balance of and all accrued interest on the Issuer's Series 2002 C Bonds. The proceeds of the Series 2015 A Bonds may also be applied to funding the Series 2015 A Bonds Reserve Account, the payment of the premium for a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, 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 2015 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 2015 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 2015 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 2015 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 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 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 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") (if, for any reason, the Series 2015 B Bonds are not issued contemporaneously with the Series 2015 A Bonds and the Series 2009 A Bonds remain outstanding and have not been defeased as of the date of issuance of the Series 2015 A Bonds);
10. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");

11. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");
12. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");
13. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");
14. Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");
15. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");
16. Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");
17. Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the "Series 2014 A Bonds");
18. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");
19. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds"); and
20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in

the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds").

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2009 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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 2015 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 2015 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, if required, of the Registered Owners of the Prior Bonds to the issuance of the Series 2015 A Bonds on a parity with the Prior Bonds. The Series 2009 A Bonds and Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds do not require consent.

Other than the Prior Bonds and the Series 2015 B Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2015 A Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2015 A Bonds, the Series 2015 A Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Series 2015 B Bonds and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2015 A Bonds, the Series 2015 B Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2015 A Bonds, the Series 2015 B 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 2015 A Bonds, and secure the Series 2015 A Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2015 A Bonds Reserve Account, unexpended proceeds of the Series 2015 A Bonds and as further set forth herein.

J. The Series 2015 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 – FORM OF SERIES 2015 A BONDS, 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 2015 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 2015 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2015 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 2015 A Bonds, the refunding of the Series 2002 C Bonds or will have so complied prior to issuance of any thereof.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2015 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 2015 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2015 A Bond and any other Series 2015 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDINGS

Section 2.01. Authorization of Refundings. All Series 2002 C Bonds Outstanding as of the date of issuance of the Series 2015 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 2002 C Bonds imposed by the Prior

Ordinance authorizing the issuance of the Series 2002 C Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 2002 C Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 2002 C Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2002 C Bonds. Contemporaneously with the payment in full of the Series 2002 C Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2002 C Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 2002 C Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2015 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2015 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 2015 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 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 2015 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 2015 A Bonds shall be in default, Series 2015 A Bonds issued in exchange for Series 2015 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 2015 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 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 2015 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 2015 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 2015 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 2015 A Bond in the principal amount of said Series 2015 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 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 2015 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 2015 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 2015 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 2015 A BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 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 2015 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2015 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 2015 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 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 2015 A Bonds, shall be conclusively deemed to have agreed that such Series 2015 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 2015 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 A Bonds. The Series 2015 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 2015 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 2015 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 2015 A Bond is exercised, Series 2015 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2015 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 A Bonds, the initial exchange of Series 2015 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 2015 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 2015 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2002 C Bonds (along with other funds of the Issuer available therefor), paying the premium for a Municipal Bond Insurance Policy for the Series 2015 A Bonds, if determined to be financially advantageous to the Issuer, funding the Series 2015 A Bonds Reserve Account (or paying the premium for a Municipal Bond Debt Service Reserve Insurance Policy, if determined to be financially advantageous to the Issuer) and paying costs of issuance of the Series 2015 A Bonds and related costs, there shall be issued the Series 2015 A Bonds of the Issuer, in an aggregate principal amount of not more than \$3,500,000. The Series 2015 A Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified)" 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 2015 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2015 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 2015 A Bonds. The Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds. The Issuer shall execute and deliver the Series 2015 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 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 2015 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 2015 A Bonds to DTC for the benefit of the Original Purchaser;
- (3) Copies of this Ordinance and the Supplemental Parameters Resolution certified by the Clerk;

(4) The unqualified approving opinions of Bond Counsel regarding the Series 2015 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 2015 A Bonds. The definitive Series 2015 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 A BONDS 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 2015 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 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 2015 A Bonds. Upon the issuance and delivery of the Series 2015 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2015 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 A Bonds Sinking Fund and applied to payment of interest on the Series 2015 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2015 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 2015 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2015 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2002 C Bonds as set forth in the Supplemental Resolution, less any monies available at the Bond Commission for payment of the Series 2002 C Bonds, shall be remitted to the Bond Commission to pay the Series 2002 C Bonds in full.

4. An amount of Series 2015 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2015 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 2015 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 2015 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 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 2015 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) Operation and Maintenance Fund (established by the Prior Ordinances);
- (3) Renewal and Replacement Fund (established by the Prior Ordinances);
- (4) Series 2015 A Bonds Costs of Issuance Fund; and
- (5) 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 1987 B Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 1987 B Bonds Reserve Account (established by Prior Ordinances);
- (3) Series 1988 B-1 Bonds Sinking Fund (established by Prior Ordinances);
- (4) Series 1988 B-1 Bonds Reserve Account (established by Prior Ordinances);
- (5) Series 1988 B-2 Bonds Sinking Fund (established by Prior Ordinances);
- (6) Series 1988 B-2 Bonds Reserve Account (established by Prior Ordinances);
- (7) Series 1989 B Bonds Sinking Fund (established by Prior Ordinances);
- (8) Series 1989 B Bonds Reserve Account (established by Prior Ordinances);

- (9) Series 1998 Bonds Sinking Fund (established by Prior Ordinances);
- (10) Series 1998 Bonds Reserve Account (established by Prior Ordinances);
- (11) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);
- (12) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);
- (13) Series 2002 A Bonds Sinking Fund (established by Prior Ordinances);
- (14) Series 2002 A Bonds Reserve Account (established by Prior Ordinances);
- (15) Series 2002 B Bonds Sinking Fund (established by Prior Ordinances);
- (16) Series 2002 B Bonds Reserve Account (established by Prior Ordinances);
- (17) Series 2009 A Bonds Sinking Fund (if not defeased with proceeds of the Series 2015 B Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);
- (18) Series 2009 A Bonds Reserve Account (if not defeased with proceeds of the Series 2015 B Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);
- (19) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);
- (20) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);
- (21) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);
- (22) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);
- (23) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);
- (24) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);
- (25) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);
- (26) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);
- (27) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);
- (28) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);

- (30) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);
- (31) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);
- (32) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);
- (33) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);
- (34) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);
- (37) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);
- (38) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);
- (39) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);
- (40) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);
- (41) Series 2015 A Bonds Sinking Fund;
- (42) Series 2015 A Bonds Reserve Account;
- (43) Series 2015 B Bonds Sinking Fund (unless the Series 2015 B Bonds are not issued contemporaneously herewith); and
- (44) Series 2015 B Bonds Reserve Account (unless the Series 2015 B Bonds are not issued contemporaneously herewith).

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2015 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 and the Series 2015 B Ordinance to pay the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2009 A Bonds (if not defeased), Series 2010 A Bonds, Series 2010 B Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds and Series 2015 B Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 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 2015 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 2015 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 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 and the Series 2015 B Bonds the amounts required by the Prior Ordinances and the Series 2015 B Ordinance to pay the principal of the Prior Bonds and the Series 2015 B Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Sinking Fund and in the Series 2015 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 2015 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2015 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 2015 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 2015 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 2015 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2015 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2015 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 A Bonds when the funds on deposit in the Series 2015 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 2015 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2015 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2015 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 2015 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 2015 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 respective Reserve Accounts of the Prior Bonds and the Series 2015 B Bonds the amounts required by the Prior Ordinances and the Series 2015 B Ordinance; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2015 A Bonds, if not fully funded upon issuance of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 A Bonds Reserve Requirement;

provided, that no further payments shall be made into the Series 2015 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 2015 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2015 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 A Bonds Reserve Account below the Series 2015 A Bonds Reserve Requirement or any withdrawal from the Series 2015 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 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 2015 A Bonds Reserve Account is less than the Series 2015 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 A Bonds Reserve Account for deposit into the Series 2015 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 2015 A Bonds Reserve Account to an amount equal to the Series 2015 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2015 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 2015 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 2015 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2015 A Bonds Reserve Requirement.

Amounts in the Series 2015 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 A Bonds when due, when amounts in the Series 2015 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 2.5% 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 and the Series 2015 B Ordinance, so long as the Prior Bonds and the Series 2015 B 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 any 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 2015 A Bonds, the Series 2015 B 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 2015 A Bonds in such manner and to such extent as may be necessary, so that such Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2015 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 2015 A Bonds Sinking Fund and the Series 2015 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2015 A Bonds, all as herein provided. No Holder or Holders of the Series 2015 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2015 A Bonds or the interest thereon.

Section 6.03. Series 2015 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds and the Series 2015 B Bonds. The payment of the debt service of all of the Series 2015 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 and the Series 2015 B Bonds. 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 2015 A Bonds herein authorized, and to make the payments into the Series 2015 A Bonds Sinking Fund all moneys and securities in the Series 2015 A Bonds Sinking Fund, including the Series 2015 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, the Series 2015 A Bonds and the Series 2015 B 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 2015 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 2015 A Bonds, and all obligations issued on a parity with the Series 2015 A Bonds, including the Prior Bonds and the Series 2015 B 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 120 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 for the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances and the Series 2015 B Ordinance. Additionally, so long as the Series 2015 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 Outstanding, or to defease the pledge created by this Ordinance, the Prior Ordinances and the Series 2015 B Ordinance. 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 \$500,000, 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 \$500,000 but not in excess of \$5,000,000, 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 \$500,000 and not in excess of \$5,000,000, 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 \$5,000,000 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 2015 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 2015 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2015 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 and the Series 2015 B Ordinance 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 Series 2015 B Bonds or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 and Series 2015 B Bonds then Outstanding;
- (2) The Series 2015 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 2015 A Bonds, the Series 2015 B 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 2015 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 2015 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 2015 A Bonds, the Series 2015 B 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. 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 2015 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 2015 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' 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. WORKERS' 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 also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants.

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 ordinance 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 2015 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 2015 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 2015 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 2015 A Bonds during the terms thereof is, under the terms of such Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 the Series 2015 B Bonds.

Section 6.18. RESERVED

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 2015 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 2015 B Bonds, the Prior Ordinances or the Series 2015 B Ordinance.

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;

(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

(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.

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 2015 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 2015 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 2015 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 2015 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 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 2015 A Bonds, the first exchange of Series 2015 A Bonds and the exchange of Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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. 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 2015 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 2015 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 2015 A Bonds so authenticated, and, in case any Series 2015 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2015 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Bond Commission shall serve as Paying Agent. The Registrar and Depository Bank shall be designated by Supplemental Resolution. 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2015 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 2015 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 2015 A Bonds, provided that, in the event any of the Series 2015 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2015 A Bonds or the rights of the applicable Bond Insurer for such Series 2015 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 (i) the Registered Owners of 60% in aggregate principal amount of the Series 2015 A Bonds then Outstanding and affected thereby, or (ii) the Bond Insurer. 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 2015 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2015 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 2015 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2015 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 2015 A Bonds. All Series 2015 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 2015 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2015 A Bonds shall be issued in lieu thereof. All such Series 2015 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 2015 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 2015 A Bonds which remain unclaimed for 1 year after the date on which such Series 2015 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 2015 A Bonds shall look only to the Issuer for the payment of such Series 2015 A Bonds.

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

PAYING AGENT:

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, West Virginia
Attention: Director

REGISTRAR:

[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 2015 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 2015 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 2015 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 2015 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 and the Series 2015 B Ordinance shall remain in full force and effect so long as any of the Prior Bonds and the Series 2015 B 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 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.

[Remainder of Page intentionally Left Blank]

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

First Reading: July 6, 2015

Second Reading: July 20, 2015

Passed on Final Reading
Following Public
Hearing: August 17, 2015

Enacted this 17th day of August, 2015.

CITY OF CHARLES TOWN

[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 7:00 p.m., on August 17, 2015, 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.

[SEAL]

City Clerk

EXHIBIT A-1 – FORM OF SERIES 2015 A BONDS

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 2015 A (BANK QUALIFIED)

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 2015 A (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 2002 C Bonds, (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the repayment of principal of and interest on the Series 2015 B Bonds;] (iii) to fund the Series 2015 A Bonds Reserve Account [to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 A Reserve Account], and (ix) to pay certain costs of issuance of the Series 2015 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015, (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:

<u>Period During Which Redeemed</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____ 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 () _____	_____ <u>Principal Amount</u>
----------------------	-------------------------------

Bonds Maturing

_____ Year () _____	_____ <u>Principal Amount</u>
----------------------	-------------------------------

* 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 2015 A BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 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");]
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, [SERIES 2009 A BONDS], SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS

AND THE SERIES 2015 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 A BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED) , DATED _____, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2015 B BONDS").

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 the Series 2015 B Bonds and from moneys in the Series 2015 A Bonds Sinking Fund and the Series 2015 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 2015 A Bonds Sinking Fund and the Series 2015 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 and the Series 2015 B 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 Series 2015 A Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 2002 C Bonds, [purchase a Municipal Bond Insurance Policy for the Series 2015 A Bonds] [fund a reserve account - purchase a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 A Bonds,] and pay costs of issuance of the Series 2015 A 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 Series 2015 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this 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: _____, 20____.

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: _____, 20____.

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
(WEST VIRGINIA)**

**COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED)**

CONFORMED BOND ORDINANCE

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EXHIBIT A

A-1 FORM OF SERIES 2015 B BONDS

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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 2009 A 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 2015 B OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$5,500,000; 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 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 2009 A (Tax-

Exempt), dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 (the "Series 2009 A Bonds");

WHEREAS, the Series 2009 A Bonds were issued to refund the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1988, dated May 15, 1988, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1998 Bonds"). The Series 1998 Bonds advance refunded the following as part of combining the water and sewer systems:

(i) Sewer Revenue Refunding Bonds, Series 1972, dated December 1, 1972, issued in the original aggregate principal amount of \$555,000 (the "Series 1972 Sewer Bonds") which refunded the Sewer Revenue Bonds, Series 1972, dated June 1, 1970, issued in the original aggregate principal amount of \$610,000;

(ii) Sewer Revenue Bonds, Series 1988 A, dated May 4, 1988, issued in the original aggregate principal amount of \$1,183,663 (the "Series 1988 A Sewer Bonds");

(iii) Water Revenue Bonds, Series 1961, dated April 1, 1961, issued in the original aggregate principal amount of \$525,000 (the "Series 1961 Water Bonds");

(iv) Water Refunding Revenue Bonds, Series 1977, dated April 1, 1977, issued in the original aggregate principal amount of \$1,315,000 (the "Series 1977 Water Bonds") which refunded the Water Revenue Bonds, Series 1975, dated April 1, 1975, issued in the original aggregate principal amount of \$1,210,000;

(v) Water Revenue Bonds, Series 1987 A, dated November 18, 1987, issued in the original aggregate principal amount of \$1,686,371 (the Series 1987 Water Bonds");

(vi) Water Revenue Bonds, Series 1988 A, dated May 20, 1988, issued in the original aggregate principal amount of \$2,232,000 (the Series 1988 A Water Bonds");

(vii) Water Revenue Bonds, Series 1989 A, dated April 13, 1989, issued in the original aggregate principal amount of \$792,520.01 (the Series 1989 A Water Bonds"); and

(viii) Municipal Lease-Purchase Agreement dated September 17, 1996, in the original amount of \$595,976 (the "Water Meter Lease").

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 2009 A Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2009 A Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, in the original aggregate principal amount of not more than \$5,500,000 (the "Series 2015 B Bonds"),

such Series 2015 B 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 2015 B 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 2015 B 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, if any, which shall insure all or any portion of the payment of principal of and interest on the Series 2015 B Bonds, the Series 2015 A Bonds or 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 2015 B Bonds, the Series 2015 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 2015 B Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 B BONDS, 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 2015 B 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 2015 B 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 2015 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2015 B 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 2015 B 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 2015 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 B 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 2015 B 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, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds (if not refinanced with the proceeds of the Series 2015 A Bonds, as hereinafter defined and described), Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds,

"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 2015 B 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 2015 B 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 2015 B Bonds are privately placed, the price paid by the first buyer of the Series 2015 B 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 2015 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds, the Series 2015 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 2015 B Bonds, the Series 2015 A Bonds and the Prior Bonds.

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

"Series 1987 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629.

"Series 1988 B-1 Bonds" means the Issuer's 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.

"Series 1988 B-2 Bonds" means the Issuer's 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.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480.

"Series 1998 Bonds" means the Issuer's 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.

"Series 2000 A Bonds" means the Issuer's 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.

"Series 2002 A Bonds" means the Issuer's 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.

"Series 2002 B Bonds" means the Issuer's 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.

"Series 2002 C Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000.

"Series 2009 A Bonds" means the Issuer's 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.

"Series 2010 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458.

“Series 2010 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000.

“Series 2010 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000.

“Series 2010 D Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000.

“Series 2011 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192.

"Series 2013 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977.

"Series 2013 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000.

“Series 2014 A Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900.

“Series 2014 C Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000.

“Series 2014 D Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000.

“Series 2014 E Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000.

“Series 2015 A Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, of the Issuer, to be issued contemporaneously with the Series 2015 B Bonds in the principal amount of not more than \$3,500,000, for the purpose of refinancing the Issuer’s Series 2002 C Bonds.

"Series 2015 A Ordinance" means the Ordinance of the Issuer enacted on August 17, 2015, as supplemented, authorizing the issuance of the Series 2015 A Bonds.

"Series 2015 B Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2015 B Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2015 B Bonds Redemption Account" means the Series 2015 B Bonds Redemption Account established in the Series 2015 B Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 B Bonds Reserve Account" means the Series 2015 B Bonds Reserve Account established in the Series 2015 B Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2015 B Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2015 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2015 B Bonds.

"Series 2015 B Bonds Sinking Fund" means the Series 2015 B Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2015 B Bonds, the Series 2015 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 2015 B Bonds and authorizing the sale of the Series 2015 B 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, the Series 2015 B Bonds or the Series 2015 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 2015 B 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 2009 A 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 2009 A Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of not more than \$5,500,000, in order to pay in full the

remaining principal balance of and all accrued interest on the Issuer's Series 2009 A Bonds. The proceeds of the Series 2015 B Bonds may also be applied to funding the Series 2015 B Bonds Reserve Account, the payment of the premium for a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 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 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 20, 2002, issued in the original aggregate principal amount of \$4,135,000 (if, for any reason, the Series 2015 A Bonds are not issued contemporaneously with the Series 2015 B Bonds and the Series 2002 C Bonds remain outstanding and have not been defeased as of the date of issuance of the Series 2015 B Bonds);

10. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");

11. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");

12. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");

13. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");

14. Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");

15. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013,

issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");

16. Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");

17. Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the "Series 2014 A Bonds");

18. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");

19. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds"); and

20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds").

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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 2015 B 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 2015 B 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, if required, of the Registered Owners of the Prior Bonds to the issuance of the Series 2015 B Bonds on a parity with the Prior

Bonds. The Series 2002 C Bonds and Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds do not require consent.

Other than the Prior Bonds and the Series 2015 A Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2015 B Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2015 B Bonds, the Series 2015 B Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Series 2015 A Bonds and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2015 B Bonds, the Series 2015 A Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2015 B Bonds, the Series 2015 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 2015 B Bonds, and secure the Series 2015 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2015 B Bonds Reserve Account, unexpended proceeds of the Series 2015 B Bonds and as further set forth herein.

J. The Series 2015 B Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2015 B BONDS, 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 2015 B 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 2015 B Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2015 B 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 2015 B Bonds, the refunding of the Series 2009 A Bonds or will have so complied prior to issuance of any thereof.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2015 B 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 2015 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2015 B Bond and any other Series 2015 B Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDINGS

Section 2.01. Authorization of Refundings. All Series 2009 A Bonds Outstanding as of the date of issuance of the Series 2015 B 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 2009 A Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 2009 A Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 2009 A Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2009 A Bonds. Contemporaneously with the payment in full of the Series 2009 A Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2009 A Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2015 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2015 B 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 2015 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 B 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 2015 B Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2015 B Bonds shall be in default, Series 2015 B Bonds issued in exchange for Series 2015 B Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2015 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bond in the principal amount of said Series 2015 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 B 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 2015 B Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2015 B 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 2015 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 B 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 2015 B Bonds, shall be conclusively deemed to have agreed that such Series 2015 B 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 2015 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 B Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bond is exercised, Series 2015 B Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2015 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 B Bonds, the initial exchange of Series 2015 B 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 2015 B 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 2015 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2009 A Bonds (along with other funds of the Issuer available therefor), paying the premium for a Municipal Bond Insurance Policy for the Series 2015 B Bonds, if determined to be financially advantageous to the Issuer, funding the Series 2015 B Bonds Reserve Account (or paying the premium for a Municipal Bond Debt Service Reserve Insurance Policy, if determined to be financially advantageous to the Issuer) and paying costs of issuance of the Series 2015 B Bonds and related costs, there shall be issued the Series 2015 B Bonds of the Issuer, in an aggregate principal amount of not more than \$5,500,000. The Series 2015 B Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" 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 2015 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2015 B 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 2015 B Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds. The Issuer shall execute and deliver the Series 2015 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 B 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 2015 B 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 2015 B Bonds to DTC for the benefit of the Original Purchaser;
- (3) Copies of this Ordinance and the Supplemental Parameters Resolution certified by the Clerk;
- (4) The unqualified approving opinions of Bond Counsel regarding the Series 2015 B Bonds; and
- (5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2015 B Bonds. The definitive Series 2015 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 B BONDS 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 2015 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 B 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 2015 B Bonds. Upon the issuance and delivery of the Series 2015 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2015 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 B Bonds Sinking Fund and applied to payment of interest on the Series 2015 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2015 B 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 2015 B Bonds Reserve Account.

3. An amount of the proceeds of the Series 2015 B Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2009 A Bonds as set forth in the Supplemental Resolution, less any monies available at the Bond Commission for payment of the Series 2009 A Bonds, shall be remitted to the Bond Commission to pay the Series 2009 A Bonds in full.

4. An amount of Series 2015 B Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2015 B 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 2015 B 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 2015 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 B Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 B 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 2015 B 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) Operation and Maintenance Fund (established by the Prior Ordinances);
- (3) Renewal and Replacement Fund (established by the Prior Ordinances);
- (4) Series 2015 B Bonds Costs of Issuance Fund; and
- (5) 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 1987 B Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 1987 B Bonds Reserve Account (established by Prior Ordinances);
- (3) Series 1988 B-1 Bonds Sinking Fund (established by Prior Ordinances);
- (4) Series 1988 B-1 Bonds Reserve Account (established by Prior Ordinances);
- (5) Series 1988 B-2 Bonds Sinking Fund (established by Prior Ordinances);
- (6) Series 1988 B-2 Bonds Reserve Account (established by Prior Ordinances);
- (7) Series 1989 B Bonds Sinking Fund (established by Prior Ordinances);
- (8) Series 1989 B Bonds Reserve Account (established by Prior Ordinances);
- (9) Series 1998 Bonds Sinking Fund (established by Prior Ordinances);
- (10) Series 1998 Bonds Reserve Account (established by Prior Ordinances);
- (11) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);
- (12) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);
- (13) Series 2002 A Bonds Sinking Fund (established by Prior Ordinances);
- (14) Series 2002 A Bonds Reserve Account (established by Prior Ordinances);
- (15) Series 2002 B Bonds Sinking Fund (established by Prior Ordinances);
- (16) Series 2002 B Bonds Reserve Account (established by Prior Ordinances);
- (17) Series 2002 C A Bonds Sinking Fund (if not defeased with proceeds of the Series 2015 A Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);
- (18) Series 2002 C Bonds Reserve Account (if not defeased with proceeds of the Series 2015 A Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);

- (19) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);
- (20) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);
- (21) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);
- (22) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);
- (23) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);
- (24) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);
- (25) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);
- (26) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);
- (27) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);
- (28) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);
- (30) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);
- (31) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);
- (32) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);
- (33) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);
- (34) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);
- (37) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);
- (38) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);
- (39) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);
- (40) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);

- (41) Series 2015 A Bonds Sinking Fund (unless the Series 2015 A Bonds are not issued contemporaneously herewith);
- (42) Series 2015 A Bonds Reserve Account (unless the Series 2015 A Bonds are not issued contemporaneously herewith);
- (43) Series 2015 B Bonds Sinking Fund; and
- (44) Series 2015 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2015 B 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 and the Series 2015 A Ordinance to pay the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 C Bonds (if not defeased), Series 2010 A Bonds, Series 2010 B Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds and Series 2015 A Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 B 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 2015 B 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 2015 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 B Bonds deposited therein, and subsequent amounts required to be

transferred from the Revenue Fund and deposited in the Series 2015 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 B 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 and the Series 2015 A Bonds the amounts required by the Prior Ordinances and the Series 2015 A Ordinance to pay the principal of the Prior Bonds and the Series 2015 A Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund and in the Series 2015 B 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 2015 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2015 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 B Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 B Bonds when the funds on deposit in the Series 2015 B 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 2015 B Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2015 B Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2015 B 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 2015 B 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 2015 B 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 respective Reserve Accounts of the Prior Bonds and the Series 2015 A Bonds the amounts required by the Prior Ordinances and the Series 2015 A Ordinance; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2015 B Bonds, if not fully funded upon issuance of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2015 B 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 2015 B Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2015 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 B Bonds Reserve Account below the Series 2015 B Bonds Reserve Requirement or any withdrawal from the Series 2015 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 B 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 2015 B Bonds Reserve Account is less than the Series 2015 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 B Bonds Reserve Account for deposit into the Series 2015 B 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 2015 B Bonds Reserve Account to an amount equal to the Series 2015 B Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2015

B 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 2015 B 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 2015 B Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2015 B Bonds Reserve Requirement.

Amounts in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 B Bonds when due, when amounts in the Series 2015 B 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 2.5% 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 and the Series 2015 A Ordinance, so long as the Prior Bonds and the Series 2015 A 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 any 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 2015 B Bonds, the Series 2015 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 2015 B Bonds in such manner and to such extent as may be necessary, so that such Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein and the unexpended proceeds of the Series 2015 B Bonds, all as herein provided. No Holder or Holders of the Series 2015 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2015 B Bonds or the interest thereon.

Section 6.03. Series 2015 B Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds and the Series 2015 A Bonds. The payment of the debt service of all of the Series 2015 B 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 and the Series 2015 A Bonds. 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 2015 A Bonds herein authorized, and to make the payments into the Series 2015 B Bonds Sinking Fund all moneys and securities in the Series 2015 B Bonds Sinking Fund, including the Series 2015 B 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, the Series 2015 B Bonds and the Series 2015 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 2015 B 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 2015 B Bonds, and all obligations issued on a parity with the Series 2015 B Bonds, including the Prior Bonds and the Series 2015 A 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 120 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 for the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances and the Series 2015 A Ordinance. Additionally, so long as the Series 2015 B 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 Outstanding, or to defease the pledge created by this Ordinance, the Prior Ordinances and the Series 2015 A Ordinance. 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 \$500,000, 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 \$500,000 but not in excess of \$5,000,000, 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 \$500,000 and not in excess of \$5,000,000, 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 \$5,000,000 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 2015 B 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 2015 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2015 B 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 and the Series 2015 A Ordinance 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 Series 2015 A Bonds or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 and Series 2015 A Bonds then Outstanding;
- (2) The Series 2015 B 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 2015 B Bonds, the Series 2015 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 2015 B 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 2015 B 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 2015 B Bonds, the Series 2015 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. 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 2015 B 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 2015 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' 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. WORKERS' 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 also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants.

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 ordinance 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds during the terms thereof is, under the terms of such Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 the Series 2015 A Bonds.

Section 6.18. RESERVED

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 2015 B 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 2015 A Bonds, the Prior Ordinances or the Series 2015 A Ordinance.

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;

(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

(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.

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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 B 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 2015 B Bonds, the first exchange of Series 2015 B Bonds and the exchange

of Series 2015 B 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 2015 B 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 2015 B Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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. 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 2015 B 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 2015 B 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 2015 B Bonds so authenticated, and, in case any Series 2015 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2015 B Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Bond Commission shall serve as Paying Agent. The Registrar and Depository Bank shall be designated by Supplemental Resolution. 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2015 B 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 2015 B 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 2015 B Bonds, provided that, in the event any of the Series 2015 B Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2015 B Bonds or the rights of the applicable Bond Insurer for such Series 2015 B 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 (i) the Registered Owners of 60% in aggregate principal amount of the Series 2015 B Bonds then Outstanding and affected thereby, or (ii) the Bond Insurer. 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 2015 B Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 B Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2015 B 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 2015 B Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2015 B 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 2015 B Bonds. All Series 2015 B 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 2015 B Bonds shall be deemed Outstanding under this Ordinance and no Series 2015 B Bonds shall be issued in lieu thereof. All such Series 2015 B 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 2015 B 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 2015 B Bonds which remain unclaimed for 1 year after the date on which such Series 2015 B 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 2015 B Bonds shall look only to the Issuer for the payment of such Series 2015 B Bonds.

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

PAYING AGENT:

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, West Virginia
Attention: Director

REGISTRAR:

[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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 and the Series 2015 A Ordinance shall remain in full force and effect so long as any of the Prior Bonds and the Series 2015 A 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 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.

[Remainder of Page Intentionally Left Blank]

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

First Reading: July 6, 2015

Second Reading: July 20, 2015

Passed on Final Reading
Following Public
Hearing: August 17, 2015

Enacted this 17th day of August, 2015.

CITY OF CHARLES TOWN

[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 7:00 p.m., on August 17, 2015, 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.

[SEAL]

City Clerk

EXHIBIT A-1 – FORM OF SERIES 2015 B BONDS

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. BR-_____

\$ _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

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 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 2009 A Bonds, (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the repayment of principal of and interest on the Series 2015 B Bonds;] (iii) to fund the Series 2015 B Bonds Reserve Account [to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 A Reserve Account], and (ix) to pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015, (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:

<u>Period During Which Redeemed</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____ 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 () _____	_____ <u>Principal Amount</u>
----------------------	-------------------------------

Bonds Maturing

_____ Year () _____	_____ <u>Principal Amount</u>
----------------------	-------------------------------

* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 20, 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, [SERIES 2002 C BONDS], SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS

AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED) , DATED _____, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2015 A BONDS").

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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 Series 2015 B Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 2009 A Bonds, [purchase a Municipal Bond Insurance Policy for the Series 2015 B Bonds], fund a reserve account, [purchase a Municipal Bond Debt Service Reserve Insurance Policy] for the Series 2015 B Bonds and pay costs of issuance of the Series 2015 B 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: _____, 20____.

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: _____, 20____.

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.

Refinance Series 2002 C Bonds

City of Charles Town

Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank-Qualified)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION RE-DESIGNATING THE PREVIOUSLY AUTHORIZED COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B AS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK-QUALIFIED); PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A OF THE CITY OF CHARLES TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, A TAX COMPLIANCE POLICY, A CONTINUING DISCLOSURE POLICY, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND/OR MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY AND AMENDMENT AND/OR MODIFICATION OF THE ORDINANCE TO COMPLY THEREWITH; 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 August 17, 2015, an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER’S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C 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 2015 B OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$3,500,000; 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 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 above-described Ordinance when used herein;

WHEREAS, the above-described Ordinance provides for the issuance by the Issuer of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Tax-Exempt) in an aggregate principal amount not to exceed \$3,500,000; 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 Revenue Bonds, Series 2002 C (Insured), dated December 20, 2012, issued in the original aggregate principal amount of \$4,135,000 (the "Series 2002 C Bonds") and the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 2002 C Bonds;

WHEREAS, the Issuer desires to redesignate the bonds approved in the above-described Ordinance as "Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified)" and hereby does authorize and approve all amendments and modifications to the above-described Ordinance to reflect such re-designation, as reflected on "EXHIBIT A" attached hereto, and such amended and modified Ordinance is hereinafter referred to as the "Series 2015 A Ordinance."

WHEREAS, the Series 2015 A Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2015 A 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, a Prepayment 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 Series 2015 A Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2015 A Bonds and/or providing a debt service reserve insurance policy for such Series 2015 A Bonds and that other matters pertaining to the Series 2015 A Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Series 2015 A 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 Issuer 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 the Mayor shall be authorized to acquire a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, if either, or both, is determined by the Mayor to be financially advantageous to the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the “Series 2015 A Supplemental Parameters Resolution”) be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2015 A 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 Series 2015 A Bonds be herein provided for all in accordance with the Series 2015 A Ordinance;

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

SECTION 1. The previously authorized Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B are hereby redesignated as “Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A” and the Ordinance enacted August 17, 2015 authorizing the issuance of the bonds to refinance the Series 2002 C Bonds is hereby amended and modified as reflected in Exhibit A attached hereto and incorporated herein by reference. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer’s outstanding Series 2002 C Bonds, (ii) funding a debt service reserve account for the Series 2015 A Bonds either with cash or through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy, (iii) if determined to be financially advantageous to the Issuer, paying the premium for a Municipal Bond Insurance Policy; and (iv) paying costs of issuance of the Series 2015 A Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2015 A Bonds in an aggregate principal amount not to exceed \$3,500,000.

SECTION 2. Pursuant to the Series 2015 A Ordinance and the Act, this Series 2015 A Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2015 A Bonds. The Series 2015 A Bonds shall be issued in the aggregate principal amount not to exceed \$3,500,000, bear interest at a rate not to exceed 6.0%, payable semiannually as determined by the Certificate of Determinations and shall mature no later than January 1, 2035 shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Series 2015 A Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT B and approved hereby (the “Series 2015 A Certificate of Determinations”); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2015 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations.

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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor 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 Series 2015 A 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 Series 2015 A 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 2015 A Bonds presented to the Issuer by the Original Purchaser, the Series 2015 A Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 2002 C Bonds and the costs of issuing the Series 2015 A Bonds. The Mayor shall provide this same finding in the Certificate of Determinations.

SECTION 6. A. The Tax 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Tax Compliance policy attached hereto as EXHIBIT C.

SECTION 7. A. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Series 2015 A 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Continuing Disclosure Policy attached hereto as EXHIBIT D.

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 Mayor 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 Mayor) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor 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 Mayor 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 10. The Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Prepayment Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 11. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2015 A Bonds.

SECTION 12. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2015 A Bonds.

SECTION 13. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar for the Series 2015 A Bonds. The Mayor is hereby authorized to designate the depository bank for the Costs of Issuance of the Series 2015 A Bonds.

SECTION 14. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2015 A Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2015 A Bonds. These additional covenants and provisions shall be set forth in the Series 2015 A Certificate of Determinations, shall apply to the Series 2015 A Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2015 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 A Ordinance and this Series 2015 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 15. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 A Bonds Debt Service Reserve Fund for the Series 2015 A Bonds. In the event a Municipal Bond Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 A Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Series 2015 A Certificate of Determinations, shall apply to the Series 2015 A Bonds, and shall be supplemental to, and amendatory of, the Series 2015 A Ordinance and this Series 2015 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 A Ordinance and this Series 2015 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 16. The 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 Series

2015 A Bonds to the end that the Series 2015 A Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 17. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
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 18. The issuance of the Series 2015 A 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 19. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2015 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 2015 A Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor 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 20. The Issuer hereby designates the portion of the par amount of the Series 2015 A Bonds which is in excess of the outstanding par amount of the Series 2002 C Bonds which is refunded as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2015 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 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 portion of the par amount of the Series 2015 A Bonds which is in excess of the outstanding par amount of the Series 2002 C Bonds which is refunded, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2015, all as determined in accordance with the Code.

SECTION 21. The Mayor 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 2015 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 Series 2015 A 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 22. This Series 2015 A Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of September, 2015.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

[SEAL]

Attest:

City Clerk

CERTIFICATION

Certified a true copy of a Series 2015 A Supplemental Parameters Resolution duly adopted by the Council of the CITY OF CHARLES TOWN on September 21, 2015, which Series 2015 A Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated: _____, 2015.

By: _____
City Clerk

Refinance Series 2009 A Bonds

City of Charles Town

Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank-Qualified)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION RE-DESIGNATING THE PREVIOUSLY AUTHORIZED COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 C AS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B (BANK-QUALIFIED); PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B OF THE CITY OF CHARLES TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, A TAX COMPLIANCE POLICY, A CONTINUING DISCLOSURE POLICY, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND/OR MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY AND AMENDMENT AND/OR MODIFICATION OF THE ORDINANCE TO COMPLY THEREWITH; 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 August 17, 2015, an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER’S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A 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 2015 C OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$5,500,000; 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 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 above-described Ordinance when used herein;

WHEREAS, the above-described Ordinance provides for the issuance by the Issuer of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C (Tax-Exempt) in an aggregate principal amount not to exceed \$5,500,000; 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 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 the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 2009 A Bonds;

WHEREAS, the Issuer desires to redesignate the bonds approved in the above-described Ordinance as "Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified)" and hereby does authorize and approve all amendments and modifications to the above-described Ordinance to reflect such re-designation, as reflected on "EXHIBIT A" attached hereto, and such amended and modified Ordinance is hereinafter referred to as the "Series 2015 B Ordinance."

WHEREAS, the Series 2015 B Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2015 B 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 a Prepayment 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 Series 2015 B Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2015 B Bonds and/or providing a debt service reserve insurance policy for such Series 2015 B Bonds and that other matters pertaining to the Series 2015 B Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Series 2015 B 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 Issuer 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 the Mayor shall be authorized to acquire a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, if either, or both, is determined by the Mayor to be financially advantageous to the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the “Series 2015 B Supplemental Parameters Resolution”) be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2015 B 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 Series 2015 B Bonds be herein provided for all in accordance with the Series 2015 B Ordinance;

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

SECTION 1. The previously authorized Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C are hereby redesignated as “Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B” and the Ordinance enacted August 17, 2015 authorizing the issuance of the bonds to refinance the Series 2009 A Bonds is hereby amended and modified as reflected in Exhibit A attached hereto and incorporated herein by reference. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer’s outstanding Series 2009 A Bonds, (ii) funding a debt service reserve account for the Series 2015 B Bonds either with cash or through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy, (iii) if determined to be financially advantageous to the Issuer, paying the premium for a Municipal Bond Insurance Policy; and (iv) paying costs of issuance of the Series 2015 B Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2015 B Bonds in an aggregate principal amount not to exceed \$5,500,000.

SECTION 2. Pursuant to the Series 2015 B Ordinance and the Act, this Series 2015 B Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2015 B Bonds. The Series 2015 B Bonds shall be issued in the aggregate principal amount not to exceed \$5,500,000, bear interest at a rate not to exceed 6.0%, payable semiannually as determined by the Certificate of Determinations and shall mature no later than October 1, 2030 shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Series 2015 B Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT B and approved hereby (the “Series 2015 B Certificate of Determinations”); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2015 B Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations.

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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor 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 Series 2015 B 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 Series 2015 B 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 2015 B Bonds presented to the Issuer by the Original Purchaser, the Series 2015 B Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 2009 A Bonds and the costs of issuing the Series 2015 B Bonds. The Mayor shall provide this same finding in the Certificate of Determinations.

SECTION 6. A. The Tax 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Tax Compliance policy attached hereto as EXHIBIT C.

SECTION 7. A. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Series 2015 B 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Continuing Disclosure Policy attached hereto as EXHIBIT D.

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 Mayor 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 Mayor) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor 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 Mayor 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 10. The Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Prepayment Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 11. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2015 B Bonds.

SECTION 12. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2015 B Bonds.

SECTION 13. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar for the Series 2015 B Bonds. The Mayor is hereby authorized to designate the depository bank for the Costs of Issuance of the Series 2015 B Bonds.

SECTION 14. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2015 B Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2015 B Bonds. These additional covenants and provisions shall be set forth in the Series 2015 B Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2015 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution may be in conflict therewith.

SECTION 15. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 B Bonds Debt Service Reserve Fund for the Series 2015 B Bonds. In the event a Municipal Bond Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 B Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Series 2015 B Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be supplemental to, and amendatory of, the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution may be in conflict therewith.

SECTION 16. The 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 Series

2015 B Bonds to the end that the Series 2015 B Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 17. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
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 18. The issuance of the Series 2015 B 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 19. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2015 B 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 2015 B Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor 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 20. The Issuer hereby designates the portion of the par amount of the Series 2015 B Bonds which is in excess of the outstanding par amount of the Series 2009 A Bonds which is refunded as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2015 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 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 portion of the par amount of the Series 2015 B Bonds which is in excess of the outstanding par amount of the Series 2009 A Bonds which is refunded, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2015, all as determined in accordance with the Code.

SECTION 21. The Mayor 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 2015 B 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 Series 2015 B 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.

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SECTION 22. This Series 2015 B Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of September, 2015.

CITY OF CHARLES TOWN

[SEAL]

By: _____
Its: Mayor

Attest:

City Clerk

CERTIFICATION

Certified a true copy of a Series 2015 B Supplemental Parameters Resolution duly adopted by the Council of the CITY OF CHARLES TOWN on September 21, 2015, which Series 2015 B Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated: _____, 2015.

By: _____
City Clerk

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 Series 2015 Bonds. The Series 2015 Bonds 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 Series 2015 Bond certificate will be issued for each maturity of the Series 2015 Bonds, 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 a Standard & Poor’s rating of AA+. 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.

3. Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2015 Bond (“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 Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 Bonds 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 Series 2015 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015 Bonds documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 Bonds 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 Series 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and 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, Agent, or Issuer, 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 Issuer 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. A Beneficial Owner shall give notice to elect to have its Series 2015 Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2015 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2015 Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2015 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2015 Bonds 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 depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2015 Bonds certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2015 Bonds certificates will be printed and delivered to DTC.

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.

APPENDIX H

ANNUAL DEBT SERVICE

The following table sets forth for each year the amounts payable from Gross Revenues of the System, including the Series 2015 Bonds and the Prior Bonds.

Fiscal YEAR	Parity Debt	Series 2015 A	Series 2015 B	Total
2016	\$ 2,540,208	\$ -	\$ -	\$ 2,540,208
2017	2,567,768	-	-	2,567,768
2018	2,483,685	-	-	2,483,685
2019	2,658,009	-	-	2,658,009
2020	2,632,529	-	-	2,632,529
2021	2,652,433	-	-	2,652,433
2022	2,557,741	-	-	2,557,741
2023	2,666,741	-	-	2,666,741
2024	2,631,102	-	-	2,631,102
2025	2,506,505	-	-	2,506,505
2026	2,510,205	-	-	2,510,205
2027	2,189,078	-	-	2,189,078
2028	2,195,075	-	-	2,195,075
2029	1,692,494	-	-	1,692,494
2030	1,650,771	-	-	1,650,771
2031	1,589,542	-	-	1,589,542
2032	1,404,865	-	-	1,404,865
2033	1,091,527	-	-	1,091,527
2034	1,090,890	-	-	1,090,890
2035	1,089,996	-	-	1,089,996
2036	1,088,846	-	-	1,088,846
2037	1,092,440	-	-	1,092,440
2038	1,090,285	-	-	1,090,285
2039	1,073,423	-	-	1,073,423
2040	971,070	-	-	971,070
2041	712,977	-	-	712,977
2042	454,362	-	-	454,362
2043	356,583	-	-	356,583
2044	161,728	-	-	161,728
2045	145,782	-	-	145,782
2046	36,446	-	-	36,446
	\$ 49,585,106	\$ -	\$ -	\$ 49,585,106

APPENDIX I

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2015 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$472.1 million, \$31.0 million and \$441.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and

may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/.

Obligor Disclosure Briefs. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Obligor Disclosure Brief for those bonds. These pre-sale Obligor Disclosure Briefs provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Obligor Disclosure Briefs will be updated and superseded by a final Obligor Disclosure Brief to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Obligor Disclosure Briefs are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce an Obligor Disclosure Brief for all bonds insured by BAM, whether or not a pre-sale Obligor Disclosure Brief has been prepared for such bonds.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

APPENDIX J

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$_____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$_____

Member Surplus Contribution: \$_____

Total Insurance Payment: \$_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX K

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY



**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$_____ in aggregate principal
amount of [NAME OF
TRANSACTION]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “**Business Day**” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. [“**Debt Service Reserve Agreement**” means the Debt Service Reserve Fund Agreement, if any, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time.] “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “**Nonpayment**” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “**Notice**” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “**Owner**” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. “**Policy**”

Limit” means the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Security Documents from time to time (the “Reserve Account Requirement”), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed \$_____. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. **“Security Documents”** means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. **“Term”** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Authorized Officer

SPECIMEN

Schedule

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Security Documents or Debt Service Reserve Agreement, if any, and, as of the date hereof, the Policy Limit is \$_____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Name:
Title:

SPECIAL AGENT

NEW ISSUE – BOOK ENTRY ONLY

RATING: Standard & Poor's: Insured "AA"

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) such interest is not a specific item of tax preference for purposes of the Federal individual or corporate alternative minimum taxes; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations and (iii) the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia. In addition, Bond Counsel is of the opinion that the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The above opinions are subject to certain limitations and exceptions. See "TAX MATTERS" herein.

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS
\$2,750,000 SERIES 2015 A (BANK-QUALIFIED) \$4,355,000 SERIES 2015 B (BANK-QUALIFIED)**

Dated: Date of Delivery

Due: As shown on inside cover.

The City of Charles Town's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified) (the "Series 2015 A Bonds") and the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the "Series 2015 B Bonds" and together with the Series 2015 A Bonds, collectively, the "Series 2015 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 2015 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 2015 Bonds will be in book-entry form only. Semiannual interest on the Series 2015 A Bonds is payable beginning June 1, 2016, and each June 1 and December 1 thereafter. Semiannual interest on the Series 2015 B Bonds is payable beginning April 1, 2016, and each April 1 and October 1 thereafter. So long as the Series 2015 Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2015 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 Ordinances (defined herein) and any Supplemental Resolutions (defined herein), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2015 Bonds. See "THE SERIES 2015 BONDS" herein and "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

The proceeds of the Series 2015 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured) (the "Series 2002 C Bonds"); (ii) fund the Series 2015 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2015 A Reserve Policy") from Build America Mutual Assurance Company ("BAM" or "Bond Insurer"); (iii) pay the premium for a municipal bond insurance policy (the "Series 2015 A Insurance Policy") from the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 A Bonds and related costs. The proceeds of the Series 2015 B Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (Tax-Exempt) (the "Series 2009 A Bonds"); (ii) fund the Series 2015 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2015 B Reserve Policy") from the Bond Insurer; (iii) pay the premium for a municipal bond insurance policy (the "Series 2015 B Insurance Policy") from the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 B Bonds and related costs.

The principal amount of the Series 2015 A bonds equal to the outstanding par amount of the Series 2002 C Bonds (when defeased) and the principal amount of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2009 A Bonds (when defeased) is deemed designated "for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. The City has designated the remaining principal amounts of the Series 2015 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "Tax Matters" for additional information.

The scheduled payment of principal of and interest on the Series 2015 A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series A 2015 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. The scheduled payment of principal of and interest on the Series 2015 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 B Bonds by **BUILD AMERICAN MUTUAL ASSURANCE COMPANY**. For a description of the Policies and the Bond Insurer, see "BOND INSURANCE" herein. For forms of the Policies, see "APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" hereto.



The Series 2015 Bonds are payable from and secured by the Gross Revenues (as defined herein) 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 (defined herein) and from funds on deposit in the Series 2015 Bonds Sinking Funds and the Series 2015 Bonds Reserve Accounts therein, all as more fully described herein. The Series 2015 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 2015 Bonds, except from the Gross Revenues and such funds on deposit. No Owner or Owners of the Series 2015 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2015 Bonds or the interest thereon.

The Series 2015 Bonds are subject to optional, extraordinary and mandatory redemption prior to maturity as described herein.

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 2015 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. Hoy G. Shingleton, Jr., Esquire, Martinsburg, West Virginia, counsel to the City of Charles Town Utility Board (the "Board"), will pass on certain matters for the Board. Steptoe & Johnson PLLC, Charleston, West Virginia, counsel to the City, will pass on certain matters for the City. 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 2015 Bonds will be available for delivery through the facilities of DTC on or about November 19, 2015.

October 20, 2015

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS**

Maturities, Amounts, Interest Rates, Prices & CUSIPS***

\$2,750,000 SERIES 2015 A SERIAL BONDS (BANK-QUALIFIED)

Maturity (December 1)	Amount	Interest Rate	Price	CUSIP***
2016	\$130,000	2.000%	101.284%	160028 DR4
2017	\$135,000	2.000%	102.007%	160028 DS2
2018	\$140,000	2.000%	102.225%	160028 DT0
2019	\$140,000	1.500%	100.000%	160028 DU7
2020	\$145,000	1.750%	100.000%	160028 DV5
2021	\$145,000	2.000%	100.000%	160028 DW3
2022	\$150,000	3.000%	105.656%*	160028 DX1
2023	\$155,000	3.000%	105.074%*	160028 DY9
2024	\$160,000	3.000%	104.496%*	160028 DZ6
2025	\$160,000	3.000%	103.635%*	160028 EA0
2026	\$165,000	3.000%	102.783%*	160028 EB8
2027	\$170,000	3.000%	101.659%*	160028 EC6

\$555,000 3.500% TERM BOND DUE DECEMBER 1, 2030 AT 104.142%* CUSIP*: 160028 ED4
\$400,000 3.000% TERM BOND DUE DECEMBER 1, 2032 AT 97.388% CUSIP***: 160028 EE2**

\$4,355,000 SERIES 2015 B SERIAL BONDS (BANK-QUALIFIED)

Maturity (October 1)	Amount	Interest Rate	Price	CUSIP***
2016	\$295,000	2.000%	101.077%	160028 EF9
2017	\$320,000	2.000%	101.844%	160028 EG7
2018	\$330,000	2.000%	102.104%	160028 EH5
2019	\$335,000	1.500%	100.000%	160028 EJ1
2020	\$340,000	1.750%	100.000%	160028 EK8
2021	\$345,000	2.000%	100.000%	160028 EL6
2022	\$350,000	3.000%	105.508%**	160028 EM4
2023	\$365,000	3.000%	104.941%**	160028 EN2
2024	\$375,000	4.000%	111.017%**	160028 EP7
2025	\$390,000	3.000%	103.541%**	160028 EQ5

\$910,000 3.000% TERM BOND DUE OCTOBER 1, 2028 AT 101.073% CUSIP***: 160028 ER3**

* Priced to December 1, 2021 optional par call.

** Priced to October 1, 2021 optional par call.

***CUSIP data 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 2015 Bonds only at the time of issuance of the Series 2015 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 2015 Bonds.

CITY OF CHARLES TOWN, WEST VIRGINIA

Peggy A. Smith, Mayor

CITY COUNCIL

Richard J. Bringewatt
Jonathan Wertman
Chester A. Hines
Nick Zaglifa

Bob Trainer
Ann Paonessa
Sandra Slusher McDonald
Michael Tolbert

CITY MANAGER

David Mills

CITY CLERK

Kiya Tabb

CHARLES TOWN UTILITY BOARD

David Mills, Chairman
Charles W. Kline
Pete Kubic, PE
Kristen Stolipher
Thomas W. Stocks

UTILITY MANAGER

Jane E. Arnett, CPA

BOND COUNSEL

Step toe & 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 2015 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 (the “City”) or the Underwriter to give any information or to make any representations, other than as is 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 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, 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 and other sources believed 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.

The Series 2015 Bonds shall not be or constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, and from the funds on deposit in the respective Sinking Funds for the Series 2015 Bonds and the respective Reserve Accounts for the Series 2015 Bonds therein, and the unexpended proceeds of the Series 2015 Bonds, with respect to the Series 2015 Bonds all as herein provided. No Holder or Holders of the Series 2015 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power, if any, of the City to pay the Series 2015 Bonds or the interest thereon.

Bond Insurance Policy

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under “APPENDIX I – BOND INSURANCE,” “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

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.”

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE.

The Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR 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 2015 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 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
\$2,750,000 SERIES 2015 A (BANK-QUALIFIED) \$4,355,000 SERIES 2015 B (BANK-QUALIFIED)**

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 Combined Waterworks and Sewerage System Refunding Revenue Bonds, \$2,750,000 Series 2015 A (Bank-Qualified) (the “Series 2015 A Bonds”) and the City’s Combined Waterworks and Sewerage System Refunding Revenue Bonds, \$4,355,000 Series 2015 B (Bank-Qualified) (the “Series 2015 B Bonds” and together with the Series 2015 A Bonds, collectively, the “Series 2015 Bonds”). The Series 2015 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 Ordinances enacted by the City Council of the City on August 17, 2015 (the “Original Ordinances”), as supplemented and amended by Supplemental Parameters Resolutions adopted by the City Council of the City on September 21, 2015 (the “Supplemental Resolutions”) and Certificates of Determination executed by the Mayor on October 20, 2015 (collectively with the Original Ordinances and the Supplemental Resolutions, the “Ordinances”). See “APPENDIX F – FORMS OF ORDINANCES” attached hereto.

The proceeds of the Series 2015 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000, of which \$3,060,000 is outstanding as of September 30, 2015 (the “Series 2002 C Bonds”); (ii) fund the Series 2015 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the “Series 2015 A Reserve Policy”) from Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”); (iii) pay the premium for a municipal bond insurance policy (the “Series 2015 A Insurance Policy”) from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2015 A Bonds; and (iv) pay the costs of issuance of the Series 2015 A Bonds and related costs.

The City expects to call the Series 2002 C Bonds for redemption on or about December 1, 2015.

The proceeds of the Series 2015 B Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (Tax-Exempt), dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000, of which \$5,270,000 is outstanding as of September 30, 2015 (the “Series 2009 A Bonds”); (ii) fund the Series 2015 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the “Series 2015 B Reserve Policy”) from the Bond Insurer; (iii) pay the premium for a municipal bond insurance policy (the “Series 2015 B Insurance Policy”) from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2015 B Bonds; and (iv) pay the costs of issuance of the Series 2015 B Bonds and related costs.

The City expects to call the Series 2009 A Bonds for redemption on or about December 1, 2015.

Upon completion of the refunding of the Series 2002 C Bonds and the Series 2009 A Bonds, the City will have outstanding the following bonds which will rank on a parity with the Series 2015 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 (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 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the “Series 2010 A Bonds”);
- (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the “Series 2010 B Bonds”);
- (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the “Series 2010 C Bonds”);
- (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the “Series 2010 D Bonds”);
- (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the “Series 2011 A Bonds”);
- (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the “Series 2013 A Bonds”);
- (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the “Series 2013 B Bonds”);
- (16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the “Series 2014 A Bonds”);
- (17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the “Series 2014 C Bonds”);
- (18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the “Series 2014 D Bonds”); and

(19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds").

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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." As of September 30, 2015, the Prior Bonds were outstanding in the aggregate principal amount of approximately \$24,766,155 (unaudited).

The Series 2015 Bonds are payable from and secured by the Gross Revenues derived from the System on parity with one another and the Prior Bonds and from funds on deposit in the respective Sinking Funds for the Series 2015 Bonds and the respective Reserve Accounts for the Series 2015 Bonds therein. Pursuant to Section 7 of the Act, there is a statutory mortgage lien on the System in favor of the holders of the Series 2015 Bonds and the Prior Bonds which shall remain in place until payment in full of the principal of and interest on the Series 2015 Bonds and the Prior Bonds. The Series 2015 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 2015 Bonds or premium, if any, or the interest thereon except as provided above. See "SECURITY FOR THE SERIES 2015 BONDS" herein. Additionally, the payment of the principal of and interest on the Series 2015 A Bonds when due is guaranteed under the Series 2015 A Insurance Policy. The payment of the principal of and interest on the Series 2015 B Bonds when due is guaranteed under the Series 2015 B Insurance Policy. See "APPENDIX I – BOND INSURANCE," "APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY."

In 1987-1988, the City loaned the Charles Town Utility Board \$640,795 to finance certain water and sewer construction projects (\$509,000 allocable to the water department and \$131,795 allocable to the sewer department). No repayments were made on the loans until 2012, when the City and the Charles Town Utility Board reached an agreement regarding repayment of such loans. The loans bear no interest and are being repaid over a 50-year term. Annual required loan payments amount to \$12,816 (\$10,180 payable from water funds and \$2,636 payable from sewer funds). As of June 30, 2015, the loan balances were \$475,460 and \$126,887 for the water and sewer departments, respectively.

The City has two privately placed bank loans with Branch Banking & Trust payable from revenues of the System but which are not secured by Gross Revenues on parity with the Prior Bonds and the Series 2015 Bonds but are evidenced by promissory notes and secured by deeds of trust:

(1) A note issued in the original principal amount of \$299,000, outstanding as of June 30, 2015 in the aggregate principal amount of \$4,618, which will mature on December 28, 2015 and is payable from both the water and sewer funds of the City. This loan is secured by certain pumping station equipment and 3.15 acres of land located along Route 340 in Jefferson County, West Virginia.

(2) A note issued in the original principal amount of \$71,000, outstanding as of June 30, 2015 in the aggregate principal amount of \$25,059, which will mature on November 15, 2019 and is payable from the sewer fund of the City. This loan is secured by certain real property located at South George and Evitts Run in Jefferson County, West Virginia.

Pursuant to the Ordinances, 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 (as defined in the Ordinance) 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 2015 Bonds, and all obligations issued on a parity with the Series 2015 Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2015 BONDS – Rate Covenant" herein and "APPENDIX F – FORMS OF ORDINANCES" attached hereto.

The audited financial statements of the City as of and for the twelve-month period ended June 30, 2014 included a note that the debt service coverage ratio requirement for the System was met. At the closing of the issuance of the Series 2015 Bonds, an Independent Accountant will certify that the City meets the debt service coverage ratio requirement for the System for the fiscal year ending June 30, 2015. See “SECURITY FOR THE SERIES 2015 BONDS – Rate Covenant” herein.

The Series 2015 Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the inside cover page and under the heading “THE SERIES 2015 BONDS” herein. The Series 2015 Bonds initially will be maintained under a book-entry system. So long as the Series 2015 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 2015 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 2015 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 2015 BONDS – General” herein.

For a description of the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes and the exclusion of interest on the Series 2015 Bonds from gross income for state income tax purposes, see “TAX MATTERS” herein.

The City may issue additional bonds on parity with the Prior Bonds and with the Series 2015 Bonds for the purposes of (i) financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding any, all or a portion of the Series 2015 Bonds, the Prior Bonds, and any Additional Parity Bonds hereinafter issued;(iii) paying claims which may exist against the revenues or facilities of the System; or (iv) of all such purposes, subject in each case to certain tests and conditions provided for by the Ordinances. See “SECURITY FOR THE SERIES 2015 BONDS – Additional Parity Bonds” herein and “APPENDIX F – FORMS OF ORDINANCES” attached hereto. The City intends to issue approximately \$9,000,000 in Additional Parity Bonds in late 2015 to finance improvements to the potable water portion of the System including additions and improvements to the water treatment plant, potable water storage and potable water distribution lines, and all necessary appurtenances.

Brief descriptions of the Series 2015 Bonds, the System, the City and certain provisions of the Ordinances 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 Ordinances, 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 2015 Bonds are qualified in their entirety by reference to the form thereof included in the Ordinances 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 Ordinances. Copies of the Ordinances and other applicable documents may be obtained from the City or, during the period of offering the Series 2015 Bonds, from the Underwriter.

FINANCING PLAN

The proceeds of the Series 2015 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the Series 2002 C Bonds; (ii) fund the Series 2015 A Bonds Reserve Account with the purchase of the Series 2015 A Reserve Policy from the Bond Insurer; (iii) pay the premium for the Series 2015 A Insurance Policy through the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 A Bonds and related costs.

The proceeds of the Series 2015 B Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the Series 2009 A Bonds; (ii) fund the Series 2015 B Bonds Reserve Account with the purchase of the Series 2015 B Reserve Policy from the Bond Insurer; (iii) pay the premium for the Series 2015 B Insurance Policy through the Bond Insurer; and (iv) pay the costs of issuance of the Series 2015 B Bonds and related costs.

The City expects to call the Series 2002 C Bonds for redemption on or about December 1, 2015.

The City expects to call the Series 2009 A Bonds for redemption on or about December 1, 2015.

Sources and Uses of Funds

Series 2015 A Bonds:

Sources of Funds:

Principal Amount of Series 2015 A Bonds	\$2,750,000.00
Transfer from Series 2002 C Bonds Sinking Fund	176,543.75
Transfer from Series 2002 C Bonds Reserve Account	259,101.49
Net Original Issue Premium	<u>56,804.30</u>
Total Sources	\$3,242,449.54

Uses of Funds:

Prepayment of Series 2002 C Bonds	\$3,132,026.25
Underwriter's Discount	44,687.50
Costs of Issuance (1)	<u>65,735.79</u>
Total Uses	\$3,242,449.54

Series 2015 B Bonds:

Sources of Funds:

Principal Amount of Series 2015 B Bonds	\$4,355,000.00
Transfer from Series 2009 A Bonds Sinking Fund	45,349.43
Transfer from Series 2009 A Bonds Reserve Account	657,166.01
Net Original Issue Premium	<u>118,221.75</u>
Total Sources	\$5,175,737.19

Uses of Funds:

Prepayment of Series 2009 A Bonds	\$5,002,020.71
Underwriter's Discount	70,768.75
Costs of Issuance (1)	<u>102,947.73</u>
Total Uses	\$5,175,737.19

(1) Includes legal and financing fees, bond counsel fees, underwriter's counsel fees, registrar's fee, rounding amount, insurance and surety premiums, and other miscellaneous expenses relating to the issuance of the Series 2015 Bonds.

THE SERIES 2015 BONDS

General

The Series 2015 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 2015 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2015 Bonds shall be in default, Series 2015 Bonds issued in exchange for a Series 2015 Bond surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2015 Bond surrendered. The Series 2015 A Bonds will bear interest from their date of delivery, payable semiannually on each June 1 and December 1, commencing June 1, 2016, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Series 2015 B Bonds will bear interest from their date of delivery, payable semiannually on each April 1 and October 1, commencing April 1, 2016, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest accruing on the Series 2015 Bonds shall be payable by check or draft mailed by the Paying Agent, to the Registered Owner as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of the Series 2015 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 2015 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 2015 Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2015 Bonds and payments of principal of, redemption price if any, and interest on the Series 2015 Bonds will be made as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto. If the book-entry system is discontinued, interest on the Series 2015 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 2015 Bonds will be payable to the owner thereof upon surrender thereof at the office of the Paying Agent.

Extraordinary Redemption

The Series 2015 A Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption

The Series 2015 A Bonds maturing on and after December 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after December 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less

than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

So long as the Series 2015 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2015 A Bonds shall be given as described in “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” attached hereto.

The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

So long as the Series 2015 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2015 B Bonds shall be given as described in “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” attached hereto.

Mandatory Sinking Fund Redemption

The Series 2015 A Bonds maturing December 1, 2030 and December 1, 2032, are subject to annual mandatory redemption prior to maturity by random selection on December 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 2030

<u>Year (December 1)</u>	<u>Principal Amount</u>
2028	\$180,000
2029	\$185,000
2030*	\$190,000

Bonds Maturing 2032

<u>Year (December 1)</u>	<u>Principal Amount</u>
2031	\$195,000
2032*	\$205,000

*Final maturity.

If less than all of the Series 2015 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.

The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

*Final maturity.

If less than all of the Series 2015 B 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 2015 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 2015 Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinances described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2015 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 2015 Bonds

The Series 2015 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 2015 Bonds except from said sources.

Bond Insurance

The payment of the principal of and interest on the Series 2015 A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 A Bonds by Build America Mutual Assurance Company. The payment of the principal of and interest on the Series 2015 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 B Bonds by Build America Mutual Assurance Company. Information with respect to the Bond Insurer and the policies is set forth in “APPENDIX I – BOND INSURANCE,” “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

Sources of Payment

The payment of the debt service on the Series 2015 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. Gross Revenues are 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. The payment of the debt service on the Series 2015 Bonds is also secured by the funds on deposit in the respective Sinking Funds for the Series 2015 Bonds, including the respective Reserve Accounts for the Series 2015 Bonds therein. See “APPENDIX H – ANNUAL DEBT SERVICE REQUIREMENTS” attached hereto 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 respective Sinking Funds for the Series 2015 Bonds, (3) to make the payments into the respective Reserve Accounts for the Series 2015 Bonds and the Prior Bonds, if requested, and (4) to make all other payments provided for in the Ordinances, are irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2015 Bonds as the same become due and for the other purposes provided in the Ordinances. See “APPENDIX F – FORMS OF ORDINANCES” attached hereto.

Rate Covenant

The City has covenanted and agreed in the Ordinances 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 Annual Debt Service on the Series 2015 Bonds, and all obligations issued on a parity with the Series 2015 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 one hundred twenty (120) 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 – FORMS OF ORDINANCES” attached hereto.

The following chart provides the historical debt service coverage ratio of the City for the fiscal years ended June 30, 2010 through 2014.

CITY OF CHARLES TOWN COMBINED WATER & SEWER SYSTEM
Five Year Historic Coverage Ratio

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Operating Income	\$ 948,305	\$ 1,001,293	\$ 700,603	\$ 794,626	\$ 839,779
ADD:					
Depreciation and Amortization	\$ 1,070,707	\$ 1,089,413	\$ 1,133,382	\$ 1,112,002	\$ 1,401,645
Interest Income	4,120	2,024	6,931	6,916	4,009
Developer DS Reimbursements	-	-	-	-	43,000
Miscellaneous	209,883	220,264	376,055	432,462	432,567
Cash Available for Debt Service	\$ 2,233,015	\$ 2,312,994	\$ 2,216,971	\$ 2,346,006	\$ 2,721,000
Debt Service Payments	\$ 1,858,758	\$ 1,925,829	\$ 1,913,021	\$ 2,005,731	\$ 2,359,880
Debt Service Coverage	120%	120%	116%	117%	115%

Source: Charles Town audits

Series 2015 Bonds Reserve Accounts

The City is entering into Debt Service Reserve Agreements with BAM for the Series 2015 A Bonds (the “Series 2015 A Reserve Policy”) and the Series 2015 B Bonds (the “Series 2015 B Reserve Policy and, collectively with the Series 2015 A Reserve Policy, the “Reserve Policies”). Under the Reserve Policies, the City is required to repay any draws upon either Reserve Policy and any administrative expenses incurred by BAM, together with interest on both the draws and the administrative expenses at a rate equal to the greater of JP Morgan Chase Bank prime rate plus 3% or the highest rate of interest on the respective series of the Series 2015 Bonds (together, the “Policy Costs”). Repayment must commence in the first month following each draw, and each monthly payment must be in an amount at least equal to 1/12th of the aggregated Policy Costs related to such draw.

The amount available under the Reserve Policies will be reduced by and to the extent of any payment made under the Reserve Policies. Amounts in respect of Policy Costs paid to BAM will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policies will be increased by a like amount, subject to the terms of the Reserve Policies. All cash and investments in the Series 2015 A Bonds Reserve Account shall be transferred to the Series 2015 A Bonds Sinking Fund for payment of the debt service on the Series 2015 A Bonds before any draw may be made on the Series 2015 A Reserve Policy. All cash and investments in the Series 2015 B Bonds Reserve Account shall be transferred to the Series 2015 B Bonds Sinking Fund for payment of the debt service on the Series 2015 B Bonds before any drawing may be made on the Series 2015 B Reserve Policy. The amount available under the Reserve Policies will be reduced by and to the extent of any payment made under the Reserve Policies. Amounts in respect of Policy Costs paid to BAM will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policies will be increased by a like amount, subject to the terms of the Reserve Policies. The City does not expect there to be cash or investments in the Series 2015 A Bonds Reserve Account or the Series 2015 B Bonds Reserve Account.

If the Reserve Policies are not in effect, in the event of a transfer from the respective Series 2015 Bonds Reserve Account to the respective Series 2015 Bonds Sinking Fund as aforesaid, the City shall

restore the balance to the respective Series 2015 Bonds Reserve Account in an amount up to the respective Series 2015 Bonds Reserve Requirement. The transfer of any cash by the City from the respective Series 2015 Bonds Reserve Account to the respective Series 2015 Bonds Sinking Fund shall be replenished over twelve (12) equal monthly payments.

The City's obligation to repay the Policy Costs or to otherwise replenish the Series 2015 A Bonds Reserve Fund and Series 2015 B Bonds Reserve Fund will be secured by the Gross Revenues derived from the System and the funds on deposit in the Renewal and Replacement Fund.

The Series 2015 A Bonds Reserve Account and the Series 2015 A Reserve Policy credited thereto will only secure the Series 2015 A Bonds.

The Series 2015 B Bonds Reserve Account and the Series 2015 B Reserve Policy credited thereto will only secure the Series 2015 B Bonds.

Series 2015 A Bonds Reserve Account

The Series 2015 A Bonds Reserve Requirement is \$211,425, which is equal to the lesser of (i) 10% of the original stated principal amount of the Series 2015 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 A Bonds. The Series 2015 A Bonds Reserve Account is being funded by the Series 2015 A Reserve Policy in the amount equal to the Series 2015 A Bonds Reserve Requirement. In the event funds in the Series 2015 A Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2015 A Bonds, the Bond Commission shall submit a Notice of Nonpayment to BAM, which will, pursuant to the Series 2015 A Reserve Policy, pay the Bond Commission sufficient amounts to make payments of principal of and/or interest on the Series 2015 A Bonds as the same becomes due, subject to the Series 2015 A Reserve Policy limits. If the Series 2015 A Reserve Policy is not in effect, the Bond Commission shall withdraw cash from the Series 2015 A Bonds Reserve Account for transfer to the Series 2015 A Bonds Sinking Fund.

Series 2015 B Bonds Reserve Account

The Series 2015 B Bonds Reserve Requirement is \$429,950, which is equal to the lesser of (i) 10% of the original stated principal amount of the Series 2015 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 B Bonds. The Series 2015 B Bonds Reserve Account is being funded by the Series 2015 B Reserve Policy in the amount equal to the Series 2015 B Bonds Reserve Requirement. In the event funds in the Series 2015 B Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2015 B Bonds, the Bond Commission shall submit a Notice of Nonpayment to BAM, which will, pursuant to the Series 2015 B Reserve Policy, pay the Bond Commission sufficient amounts to make payments of principal of and/or interest on the Series 2015 B Bonds as the same becomes due, subject to the Series 2015 B Reserve Policy limits. If the Series 2015 B Reserve Policy is not in effect, the Bond Commission shall withdraw cash from the Series 2015 B Bonds Reserve Account for transfer to the Series 2015 B Bonds Sinking Fund.

Renewal and Replacement Fund

The City is required after the payments into the respective Series 2015 Bonds Sinking Funds and Reserve Accounts described above and the sinking funds and reserve accounts created for the Prior Bonds and after the payment of Operating Expenses, on the first day of each month, to transfer to the Renewal and Replacement Fund a sum equal to two and one half percent (2.5%) of the Gross Revenues each month, exclusive of any payments made to the Series 2015 Bonds Reserve Accounts in the Series 2015 Bonds Sinking Funds and the reserve accounts in the sinking funds of the Prior Bonds.

Withdrawals and disbursements from the Renewal and Replacement Fund shall be made (a) to pay the costs of replacements, emergency repairs, improvements or extensions to the System; or (b) to make up any deficiency in the Reserve Accounts.

Working Capital Reserve

Pursuant to Chapter 24, Article 1, Section 1(k) of the Code of West Virginia, 1931, as amended (the "State Code"), effective June 12, 2015, the System is required to ". . . maintain a working capital

reserve in an amount of no less than one eighth of actual annual operation and maintenance expense.” The City has, as required by State law, previously adopted a budget for the System for the 2015-2016 fiscal year. The City plans to budget for the funding of the working capital reserve beginning in the fiscal year ending June 30, 2017. In accordance with practice and procedure adopted by the Public Service Commission of West Virginia, the City intends to fund the working capital reserve on a monthly basis over a two year period and expects the reserve to be fully funded on or before June 30, 2018. In the event that any audited or un-audited year-end financial statement of the System shall find that the working capital reserve for such fiscal year was insufficient, such finding shall not be a default on the Series 2015 Bonds.

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 applied monthly to first pay interest on the Series 2015 Bonds and the Prior Bonds, second to pay principal on the Series 2015 Bonds and the Prior Bonds, third to fund the Reserve Accounts for the Series 2015 Bonds and the Prior Bonds, fourth to pay all current Operating Expenses of the System and fifth to make deposits into the Renewal and Replacement Fund.

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 2015 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 thereby.

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 any 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. For a more detailed description of the flow of funds see “APPENDIX F – SERIES 2015 ORDINANCES-System Revenues and Application Thereof” attached hereto.

Enforcement of Collections

The City covenants in the Ordinances 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 Ordinances 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 – FORMS OF ORDINANCES” attached hereto.

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 Ordinances, payable out of the revenues of the System shall be issued after the issuance of the Series 2015 Bonds pursuant to the Ordinances, 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 2015 Bonds issued pursuant to the Ordinances, or refunding the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 2015 Bonds then Outstanding;
- (3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in the Ordinances 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 2015 Bonds, any Additional Parity Bonds hereafter issued and any Prior Bonds 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 2015 Bonds Outstanding after such refunding;
- (3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinances 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 2015 Bonds, and all the covenants and other provisions of the Ordinances shall be for the equal benefit, protection and security of the Owners of the Series 2015 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 Ordinances required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinances.

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. 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 2015 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 Ordinances on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinances shall have been made in full as required to the date of delivery of the Additional Parity Bonds. See “APPENDIX F – FORMS OF ORDINANCES” attached hereto.

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 pursuant to the Act 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” attached hereto. For information regarding Jefferson County, in which the City is situated, see “APPENDIX A – GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA” attached hereto.

BOND INSURANCE

The City has applied to the Bond Insurer for the issuance, concurrently with the issuance of the Series 2015 A Bonds, of the Series 2015 A Insurance Policy and the Series 2015 A Reserve Policy, and concurrently with the issuance of the Series 2015 B Bonds, of the Series 2015 B Insurance Policy and the Series 2015 B Reserve Policy. The following information has been furnished solely by the Bond Insurer for inclusion in this Official Statement. No representation is made by the City nor the Underwriter as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer. Reference is made to “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY” for specimens of the insurance and reserve policies, which should be read in their entirety.

Bond Insurance Policy

Concurrently with the issuance of the Series 2015 A Bonds, the Bond Insurer will issue the Series 2015 A Insurance Policy for the Series 2015 A Bonds. The Series 2015 A Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2015 A Bonds when due as set forth in the form of the Series 2015 A Insurance Policy included as an exhibit to this Official Statement.

Concurrently with the issuance of the Series 2015 B Bonds, the Bond Insurer will issue the Series 2015 B Insurance Policy for the Series 2015 B Bonds. The Series 2015 B Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2015 B Bonds when due as set forth in the form of the Series 2015 B Insurance Policy included as an exhibit to this Official Statement.

The Series 2015 A Insurance Policy and the Series 2015 B Insurance Policy are not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Series 2015 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 2015 Bonds. The City has agreed to comply with the covenant 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 2015 Bonds and all bonds issued on a parity with the Series 2015 Bonds and the Prior Bonds.

Gross Revenues sufficient to pay the debt service on the Series 2015 Bonds and the Prior Bonds also depend on the retention of current customers by the City. An unexpected loss of customers by the

City could have an adverse effect on the ability of the City to make the required payments on the Series 2015 Bonds. Additionally, a significant reduction in the amount of water used by customers of the City may also have an adverse impact on the City's ability to make the required payments on the Series 2015 Bonds. While the City does not have the authority to require citizens to accept potable water service by the System, the City does have the authority to require citizens to connect to the sewerage portion of the System.

Demographic and Economic Changes in the Service Area

Charles Town Races, one of the largest customers of the water portion of the System is facing competition from new gaming establishments in Maryland. A decline in customer usage at Charles Town Races may have an impact on the revenues paid to the System by Charles Town Races. The City can make no representations with respect to the long term impact of gaming competition on Charles Town Races and its rate/revenue impact. See "APPENDIX B – THE SYSTEM."

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2015 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Series 2015 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Series 2015 Bonds. Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2015 Bonds if any legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes or adversely impacting the tax treatment of such bonds for State tax purposes.

New Legislation

On March 14, 2015, the West Virginia Legislature passed Senate Bill 234 ("SB 234") which significantly revised the regulatory authority of the Public Service Commission of West Virginia over rate making, and project approval for government owned water and sewer utilities. SB 234 became effective June 12, 2015. SB 234 limits the jurisdiction of the Public Service Commission of West Virginia over water and sewer utilities that have at least 4,500 customers and Gross Revenue of at least \$3,000,000.

Regulation of the System by the Public Service Commission of West Virginia (the "PSC")

Pursuant to SB 234, the City and the System are exempted from regulation by the PSC for, among other things, (i) the review of City Ordinances implementing rates and charges for the System (a "Rate Ordinance"); and (ii) the requirement to obtain prior PSC approval for construction of capital projects which are outside "the normal course of business." The PSC retained among others, the following authority, customers of water and sewer utilities operated by a political subdivision of the state and customers of Stormwater utilities operated by a public service district may bring formal or informal complaints regarding the commission's exercise of the powers enumerated in this section and the commission shall resolve these complaints under West Virginia Code Section 24-2-1(b)(7).

Statutory Process for Rate Increases

The Council of the City has the authority to implement rates and charges for the System through the enactment of a Rate Ordinance. Enactment of a Rate Ordinance requires a minimum of four to six weeks, including pre-enactment notice of the proposed change in rates and charges and two readings of a Rate Ordinance by Council, separated by seven (7) days, with a public hearing prior to the second reading. The new rates and charges cannot go into effect any sooner than 45 days after the date of enactment of a Rate Ordinance, unless the Council finds and declares that the System is in financial distress such that the 45 day waiting period would be detrimental to the ability of the System to deliver continued and compliant service.

Pursuant to SB 234, West Virginia Code Section 24-2-1(b)(8) specifically provides, however, "[i]n the event that a political subdivision [the City] has a deficiency in either its bond revenue or bond reserve accounts, or is otherwise in breach of a bond covenant, the bond holder may petition the

Public Service Commission for such redress as will bring the accounts to current status or otherwise resolve the breached covenant, and the commission shall have jurisdiction to fully resolve the alleged deficiency or breach.”

Absence of Rules and Regulations related to SB 234

The PSC has not proposed rules or regulations implementing the statutory changes in SB 234, including the process and scope of complaint cases under §24-2-1(b) of the State Code. Such rules or regulations, if adopted, or case law as developed by the Commission may or may not result in delays in the modification of rates and charges for the System.

Annual Municipal Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the “Audit Act”), the State Auditor, as the chief inspector and supervisor of public offices (the “Chief Inspector”) is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The City is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the City's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The City has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the City and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Certificate. See “CONTINUING DISCLOSURE” herein. Additionally, the City has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

TAX MATTERS

Series 2015 Bonds

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2015 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 Code; 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; provided, however, that interest on the Series 2015 Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on corporations; and (iii) under the laws of the State of West Virginia, the Series 2015 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 2015 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

The opinions described in this section are subject to the condition that the City complies on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied for interest on the Series 2015 Bonds 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 2015 Bonds to be included in the gross income of the recipients thereof for purposes of Federal income taxation, including retroactively to the date of issuance of the Series 2015 Bonds.

The accrual or receipt of the interest on the Series 2015 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 2015 Bonds.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Ordinance and the Tax Certificate relating to the Series 2015 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest on any Series 2015 Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2015 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2015 Bonds might be affected as a result of such an audit of the Series 2015 Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2015 Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2015 Bonds or their market value.

Special Considerations with Respect to the Series 2015 Bonds

The accrual or receipt of interest on the Series 2015 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2015 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2015 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers other entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchase or owning the Series 2015 Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2015 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2015 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Series 2015 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2015 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2015 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2015 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2015 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Original Issue Discount

Original issue discount (“OID”) is the excess, if any, of the stated redemption price at maturity over the issue price. The issue price is the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the debt instrument was sold. The Series 2015 A Bonds maturing on December 1, 2032 (the “Discount Bonds”), were sold with original issue discount. Original issue discount is computed on a compound basis and equals the aggregate daily portions of the OID during the taxable year of the owner of the Discount Bonds. Generally the OID is excluded from gross income for Federal income tax purposes with respect to such owner.

Under Section 1288 of the Code, 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.

Amortizable Premium

Amortizable premium is determined with reference to the basis of a debt obligation with respect to the owner thereof and the amount payable at maturity or earlier redemption of such debt obligation. The amortizable bond premium in each year includes the excess of the owner’s adjusted basis at the beginning of such owner’s taxable year over the amount received or to be received at maturity or earlier redemption of the debt obligation. The Series 2015 A Bonds maturing on December 1, 2016 through December 1, 2018, December 1, 2022 through December 1, 2027, and December 1, 2030 and the Series 2015 B Bonds maturing on October 1, 2016 through October 1, 2018, October 1, 2022 through October 1, 2025, and October 1, 2028 (collectively, “OIP Bonds”) are being sold with amortizable premium (“original issue premium” or “OIP”). Under current law, the OIP for OIP Bonds must be amortized on an annual basis by the holder thereof. The amount of OIP amortized each year will not be deductible for Federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the OIP Bonds be deducted annually from the holder’s tax basis in such OIP Bonds. This reduction in a holder’s tax basis will affect the amount of capital gain or loss to be recognized by the holder when the OIP Bonds are sold or redeemed prior to maturity.

Owners of OIP Bonds should consult their tax advisors with respect to the determination and treatment of amortizable premium for Federal income tax purposes, and with respect to the state and local tax consequences of owning such OIP Bonds.

Series 2015 Bonds Qualified Tax-Exempt Obligations

Subject to the City’s compliance with certain covenants, in the opinion of Bond Counsel, the Series 2015 Bonds are “qualified tax-exempt obligations” under the small issuer exception provided

under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

The par amount of the Series 2015 Bonds equal to the outstanding par amount of the Series 2002 C Bonds and the Series 2009 A Bonds on the date such bonds are defeased with proceeds of the Series 2015 Bonds, \$6,955,000 is “deemed designated” pursuant to Section 265(b) of the Code. The City has designated the remaining par amount of the Series 2015 Bonds, \$150,000, as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code. The Series 2015 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and not more than \$10,000,000 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 described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2015 Bonds, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2015.

RATINGS

Based on the insurance policy issued by BAM, the Series 2015 Bonds are rated “AA” by Standard & Poor’s Ratings Services (“S&P”). Any desired explanation of the significance of such rating, should be obtained from S&P. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the City to S&P. Generally, S&P bases its rating on the information and materials so furnished and on its investigations, studies and assumptions. There is no assurance that this rating will continue for any period of time or that the rating will not be reviewed, downgraded or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Owners of the Series 2015 Bonds any proposed revision or withdrawal of any rating of the Series 2015 Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of the rating may have an adverse effect upon the market price or value of the Series 2015 Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2015 Bonds are subject to the unqualified approving opinions of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, the forms of which are attached as APPENDIX D hereto. Hoy G. Shingleton Jr., Esquire, Martinsburg, West Virginia, counsel to the Utility Board, will pass on certain matters for the Utility Board. Steptoe & Johnson PLLC, Charleston, West Virginia, as special counsel to the City, will pass upon certain legal matters for the City. 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 2015 Bonds, the Ordinances or any agreement to which the City is a party and which is a part of the issuance of the Series 2015 Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2015 Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See “THE SERIES 2015 BONDS - General.”

UNDERWRITING

The Series 2015 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 2015 A Bonds, if any are purchased, at a total purchase price of \$2,762,116.80 (which is the principal

amount of the Series 2015 A Bonds net of an underwriting discount of \$44,687.50 and plus of a net original issue premium of \$56,804.30). The Bond Purchase Agreement provides that the Underwriter will purchase the Series 2015 B Bonds, if any are purchased, at a total purchase price of \$4,402,453.00 (which is the principal amount of the Series 2015 B Bonds net of an underwriting discount of \$70,768.75 and plus of a net original issue premium of \$118,221.75). 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 2015 Bonds to certain dealers (including dealers depositing the Series 2015 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 as Appendix C attached hereto are the audited financial statements of the City of Charles Town Utility Board as of and for the twelve-month period ended June 30, 2014, and the report with respect to the audited financial statements as of and for the twelve-month period ended June 30, 2014, dated March 20, 2015, of Perry & Associates, Certified Public Accountants, A.C.

Audited basic financial statements for the Board as of and for the fiscal year ended June 30, 2015 are not expected to be available for inclusion in the final Official Statement and may not be available prior to the delivery of the Series 2015 Bonds, but when available will be posted on the EMMA website of the Municipal Securities Rulemaking Board pursuant to the Continuing Disclosure Agreement with respect to the Series 2015 Bonds, and will also be posted to the West Virginia State Auditor's Office website at www.wvsao.gov.

CONTINUING DISCLOSURE

The City has agreed in the Supplemental Resolutions to execute and deliver contemporaneously with the issuance of the Series 2015 Bonds an agreement to undertake for the benefit of the Registered Owners of the Series 2015 Bonds to provide certain financial and operating information (the "Annual Information") not later than the last day of the fiscal year (presently June 30) immediately following the end of the City's fiscal year (presently June 30) for which disclosure is due, commencing with the fiscal year ending June 30, 2015, 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 "Rule"). 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 2015 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

The City has entered into prior continuing disclosure undertakings pursuant to the Rule with respect to certain of the City's Prior Bonds. As further described in this section, but without regard to materiality, the City has not complied with its prior continuing disclosure obligations for the past five years. The City failed to file Material Event Notices on EMMA for bond insurer rating changes under one prior continuing disclosure undertaking three times, in 2013 and 2014. The City failed to file a Material Event Notice on EMMA in 2013 to provide notice that its Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (Taxable), were called for redemption on August 1, 2013. Audited financial statements were filed late under the terms of one prior continuing disclosure undertaking for following fiscal years ended June 30: 2010, 2011 and 2012. Audited financial statements were also filed late under the terms of one prior continuing disclosure undertaking for the fiscal years ended June 30, 2013 and June 30, 2014. Audited financial statements were also filed late under the terms of four prior continuing disclosure undertakings for the fiscal year ended June 30, 2012. Unaudited financial statements, required to be filed annually under three of the prior continuing disclosure undertakings, were not filed for the following fiscal years ended June 30: 2010, 2011, 2012, 2013 and 2014. Operating data was not timely under the City's prior continuing disclosure undertakings for the

following fiscal years ended June 30: 2010, 2011, 2012, 2013 and 2014. The City also notes that it did not file notices of the failure to file its annual information timely, with respect to the instances when the City failed to timely file audited financial statements, operating data or unaudited financial statements, as required by each of the City's prior continuing disclosure undertakings. Finally, the City failed to file unaudited financial statements when it was not able to timely file its audited financial statements for the fiscal years ended June 30, 2012, 2013 and 2014, as required by the terms of two of its prior continuing disclosure undertakings.

With respect to the failures to file unaudited financial statements, the City has deemed it unnecessary to file unaudited financial statements for the past five fiscal years ended June 30, as the audited financial statements for such time periods have already been filed on EMMA. The City has put into place procedures to make certain that the annual information required to be filed on EMMA under its prior continuing will be filed in a timely manner in the future.

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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 Ordinances 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 2015 Bonds. The City has authorized the execution and distribution of this Official Statement.

CITY OF CHARLES TOWN, WEST VIRGINIA

By:



Mayor

APPENDIX A

GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA

APPENDIX A – General Information

Sources include: **US Census**
City-Data.com
www.stats.indiana.edu/



Part of: Washington-Arlington-Alexandria DC-VA-MD-WV, Metropolitan Area
Part of: Washington-Baltimore-Northern Virginia DC-MD-VA-WV, Combined Statistical Area
Part of: Washington-Arlington-Alexandria DC-VA-MD-WV, Metropolitan Division

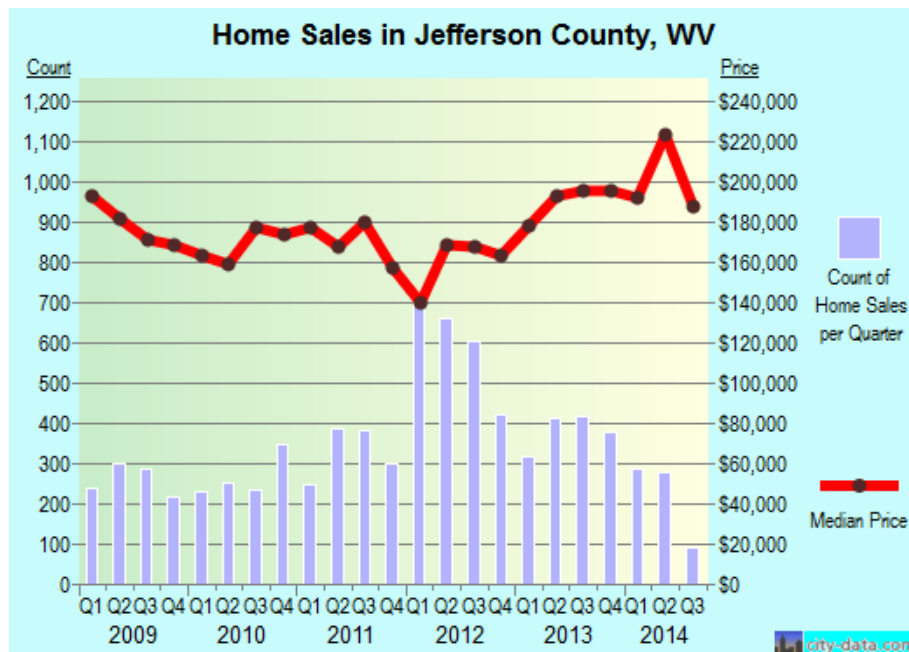
Overview:

Jefferson County is one of about 3,141 counties and county equivalents in the United States. It has 209.6 sq. miles in land area and a population density of 262.8 per square mile. On the most recent census form, 97.4% of the population reported only one race, with 6.6% of these reporting African-American. The population of this county is 4.7% Hispanic (of any race). The average household size is 2.60 persons compared to an average family size of 3.10 persons.

In 2013 accommodation and food services was the largest of 20 major sectors. It had an average wage per job of \$24,499. Per capita income grew by 7.3% between 2003 and 2013 (adjusted for inflation).

People & Income Overview (By Place of Residence)	Value	Rank in U.S.
Population (2013)	55,073	913
Growth (%) since 2010 Census	2.9%	478
Households (2013)	19,889	953
Labor Force (persons) (2013)	25,216	945
Unemployment Rate (2013)	4.6	2639
Per Capita Personal Income (2013)	\$39,939	1178
Median Household Income (2013)	\$64,916	207
Poverty Rate (2013)	11.3	2558
H.S. Diploma or More - % of Adults 25+ (2013 ACS 5yr)	87.7	1,224
Bachelor's Deg. or More - % of Adults 25+ (2013 ACS 5yr)	27.6	501

Housing:



US Census Bureau - Quick Facts

Jefferson County, West Virginia

People QuickFacts	Jefferson County	West Virginia
Population, 2014 estimate	55,713	1,850,326
Population, 2013 estimate	54,961	1,853,595
Population, 2010 (April 1) estimates base	53,508	1,853,033
Population, percent change - April 1, 2010 to July 1, 2014	4.1%	-0.1%
Population, percent change - April 1, 2010 to July 1, 2013	2.7%	Z
Population, 2010	53,498	1,852,994
Persons under 5 years, percent, 2013	5.7%	5.5%
Persons under 18 years, percent, 2013	23.0%	20.6%
Persons 65 years and over, percent, 2013	13.6%	17.3%
Female persons, percent, 2013	50.6%	50.6%
White alone, percent, 2013 (a)	88.5%	93.8%
Black or African American alone, percent, 2013 (a)	6.9%	3.6%
American Indian and Alaska Native alone, percent, 2013 (a)	0.3%	0.2%
Asian alone, percent, 2013 (a)	1.8%	0.8%
Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a)	0.1%	Z
Two or More Races, percent, 2013	2.4%	1.5%
Hispanic or Latino, percent, 2013 (b)	5.3%	1.4%
White alone, not Hispanic or Latino, percent, 2013	83.8%	92.7%
Living in same house 1 year & over, percent, 2009-2013	85.4%	88.1%
Foreign born persons, percent, 2009-2013	4.9%	1.4%
Language other than English spoken at home, pct age 5+, 2009-2013	6.1%	2.4%
High school graduate or higher, percent of persons age 25+, 2009-2013	87.7%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	27.6%	18.3%
Veterans, 2009-2013	4,753	159,448
Mean travel time to work (minutes), workers age 16+, 2009-2013	38.9	25.5
Housing units, 2013	22,290	879,449
Homeownership rate, 2009-2013	75.1%	73.4%
Housing units in multi-unit structures, percent, 2009-2013	9.2%	12.0%
Median value of owner-occupied housing units, 2009-2013	\$214,400	\$98,500
Households, 2009-2013	19,889	741,390
Persons per household, 2009-2013	2.65	2.43
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$29,605	\$22,966
Median household income, 2009-2013	\$65,304	\$41,043
Persons below poverty level, percent, 2009-2013	11.2%	17.9%
	Jefferson County	West Virginia
Business QuickFacts		
Private nonfarm establishments, 2013	826	37,573
Private nonfarm employment, 2013	13,502	575,987
Private nonfarm employment, percent change, 2012-2013	0.3%	-0.6%
Nonemployer establishments, 2012	3,421	89,213

Total number of firms, 2007	3,743	120,381
Black-owned firms, percent, 2007	3.9%	S
American Indian- and Alaska Native-owned firms, percent, 2007	0.8%	S
Asian-owned firms, percent, 2007	2.2%	1.3%
Native Hawaiian and Other Pacific Islander-owned firms, %, 2007	F	0.0%
Hispanic-owned firms, percent, 2007	4.0%	0.7%
Women-owned firms, percent, 2007	36.8%	28.1%
Retail sales, 2007 (\$1000)	455,710	20,538,829
Retail sales per capita, 2007	\$8,932	\$11,340
Accommodation and food services sales, 2007 (\$1000)	71,937	2,553,258
Building permits, 2013	236	2,575

Geography QuickFacts

Land area in square miles, 2010	209.64	24,038.2
Persons per square mile, 2010	255.2	77.1
FIPS Code	037	54
Metropolitan or Micropolitan Statistical Area	Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 25 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

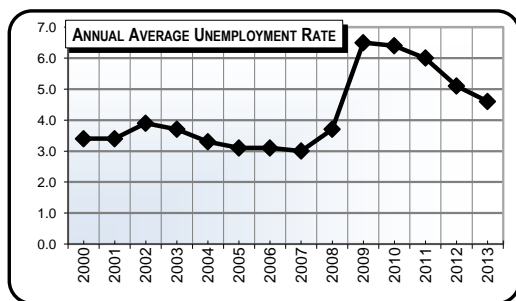
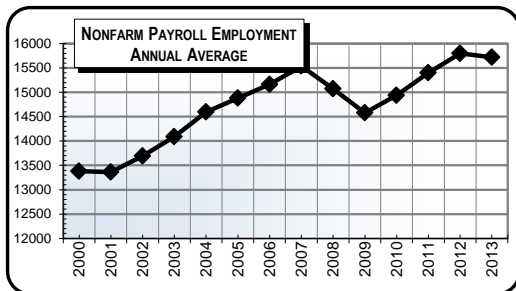
Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits
Last Revised: Thursday, 28-May-2015 16:03:04 EDT

Jefferson County

Employment and Wages Annual Averages	2013			2012		
	Emp.	Total Wages	Avg Annual Wage	Emp	Total Wages	Avg Annual Wage
Total, All Industries	15,014	\$534,154,818	\$35,577	15,044	\$535,503,167	\$35,596
Total, Private Sector	11,536	379,554,885	32,902	11,531	380,012,816	32,956
Natural Resources and Mining	123	3,924,261	31,905	141	4,472,099	31,717
Construction	449	17,862,360	39,783	484	22,893,902	47,301
Manufacturing	860	32,172,579	37,410	898	33,929,787	37,784
Trade, Transportation, and Utilities	2,183	55,911,781	25,612	2,161	55,680,415	25,766
42 Wholesale trade	265	11,233,015	42,389	266	11,835,797	44,495
44-45 Retail trade	1,792	39,802,631	22,211	1,768	39,203,519	22,174
48-49 Transportation and warehousing	114	4,409,296	38,678	114	4,160,086	36,492
Information	103	5,320,614	51,656	111	5,676,973	51,144
Financial Activities	432	17,559,580	40,647	432	16,410,292	37,987
Professional and Business Services	823	51,350,198	62,394	662	36,769,618	55,543
Education and Health Services	1,888	82,650,961	43,777	1,833	83,501,941	45,555
Leisure and Hospitality	4,125	99,569,046	24,138	4,258	108,092,586	25,386
Other Services	548	13,091,453	23,890	544	12,401,029	22,796
Government	3,478	154,599,933	44,451	3,513	155,490,351	44,261
Federal Government	696	49,478,605	71,090	731	51,435,524	70,363
State Government	851	30,809,041	36,203	868	30,310,923	34,920
Local Government	1,931	74,312,287	38,484	1,914	73,743,904	38,529
Demographics (2010 Census)	Top 10 Employers					
Total Population 2013	55,073	March 2013				
Total Population 2000	42,439	1	PNGI Charles Town Gaming			
Total Population 1990	35,926	2	Jefferson County Board of Education			
Total Population 1980	30,302	3	Shepherd University			
Total Population 1970	21,280	4	American Public University System			
Sex and Age		5	Jefferson Memorial Hospital			
Male	26,444	6	Wal-Mart Stores, Inc.			
Female	27,054	7	Royal Vendors, Inc.			
Ages 14 and below	10,631	8	Department of the Interior (National Park Service)			
Ages 15 to 19	3,808	9	Jefferson County Commission			
Ages 20 to 24	3,491	10	DALB, Inc.			
Ages 25 to 34	6,028	Worker Commuting Patterns				
Ages 35 to 44	7,825		<i>Total</i>	<i>Male</i>	<i>Female</i>	
Ages 45 to 54	8,450	Number	25,313	13,396	11,917	
Ages 55 to 64	6,951	Worked in state of residence:	13,256	6,202	7,054	
Ages 65 and older	6,314	Worked in county of residence	11,415	5,314	6,101	
Median Age	38.9	Worked outside county of residence	1,841	888	953	
Race		Worked outside state of residence	12,057	7,194	4,863	
White	46,876	<i>2010 American Community Survey 5-Year Estimates</i>				
Black or African American	3,524	Income				
American Indian and Alaska Native	132	Total Personal Income (000)	2012	\$2,165,931		
Asian	618	Per capita Personal Income	2012	\$39,739		
Native Hawaiian and Other Pacific	33	Household Income*				
Some other race	946	Less than \$10,000	901			
Two or more races	1,369	\$10,000 to \$14,999	676			
Links		\$15,000 to \$24,999	1,359			
Labor Market Information		\$25,000 to \$34,999	1,971			
http://www.workforcewv.org/lmi/newsrelease.html		\$35,000 to \$49,999	2,727			
http://www.workforcewv.org/lmi/lateemp.html		\$50,000 to \$74,999	3,888			
Occupational Projections and Demand Occupations		\$75,000 to \$99,999	2,966			
http://www.workforcewv.org/lmi/occproj/LongTermProjMenu.html		\$100,000 to \$149,999	2,855			
Occupational Wages		\$150,000 or more	2,148			
http://www.workforcewv.org/lmi/owqtr/WIA_menu.htm		Median Household Income (2011)	\$59,280			
		<i>US Census Bureau</i>				

County:		Jefferson													
County Seat:		Charles Town													
Labor Force Statistics		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Civilian Labor Force		23,350	23,040	23,140	23,250	23,670	24,420	25,070	25,200	24,640	24,430	24,540	24,870	25,230	25,220
Total Employment		22,560	22,270	22,240	22,380	22,880	23,650	24,300	24,450	23,720	22,840	22,970	23,390	23,950	24,060
Total Unemployment		790	770	900	860	790	770	780	750	920	1,600	1,570	1,480	1,280	1,150
Unemployment Rate		3.4	3.4	3.9	3.7	3.3	3.1	3.1	3.0	3.7	6.5	6.4	6.0	5.1	4.6
Total Nonfarm Payroll Employment by Industry		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Nonfarm Payroll Employment		13,380	13,360	13,690	14,090	14,600	14,880	15,160	15,540	15,070	14,580	14,940	15,400	15,800	15,720
Total Private		10,360	10,280	10,520	10,860	11,300	11,520	11,700	12,000	11,460	10,920	11,160	11,660	12,160	12,060
Goods Producing		2,490	2,160	2,110	2,070	2,030	2,070	2,030	1,870	1,680	1,330	1,280	1,290	1,440	1,350
Mining and Logging		**	**	**	**	**	60	70	**	**	**	**	**	**	**
Construction		560	580	640	680	810	960	920	800	640	450	**	**	**	**
Manufacturing		1,860	1,490	1,400	1,330	1,160	1,050	1,030	990	970	830	**	**	**	**
Service Providing		10,890	11,200	11,580	12,020	12,570	12,820	13,130	13,670	13,390	13,240	13,660	14,120	14,360	14,370
Private Service Providing		7,870	8,120	8,410	8,790	9,270	9,450	9,680	10,130	9,770	9,590	9,880	10,370	10,730	10,710
Trade, Transportation and Util		2,510	2,450	2,420	2,420	2,410	2,560	2,720	2,780	2,540	2,280	2,230	2,190	2,230	2,200
Wholesale Trade		200	200	220	220	210	270	270	280	290	260	**	**	**	**
Retail Trade		2,190	2,140	2,070	2,060	2,080	2,180	2,330	2,380	2,110	1,850	1,790	1,760	1,780	1,750
Transport, Warehousing & Util		110	110	120	140	120	110	120	110	150	180	**	**	**	**
Information		140	140	120	110	120	130	130	130	130	120	120	110	110	100
Financial Activities		470	480	450	440	470	500	510	500	490	480	**	**	**	**
Profess and Business Serv		830	700	830	920	1,110	1,120	950	1,030	760	760	700	660	710	810
Education and Health Serv		850	960	1,000	1,020	1,060	1,150	1,170	1,310	1,350	1,440	1,560	1,700	1,840	1,890
Leisure and Hospitality		2,230	2,460	2,600	2,810	3,000	2,880	3,100	3,300	3,380	3,380	3,700	4,140	4,260	4,120
Other Services		850	950	1,010	1,070	1,100	1,110	1,100	1,100	1,130	1,140	**	**	**	**
Total Government		3,020	3,080	3,170	3,230	3,300	3,360	3,460	3,540	3,610	3,650	3,780	3,750	3,640	3,660
Federal		700	720	750	760	750	750	730	730	710	750	840	870	730	700
State		870	940	970	980	980	960	980	980	990	930	940	910	920	950
Local		1,450	1,430	1,450	1,500	1,570	1,650	1,750	1,830	1,910	1,970	2,000	1,960	1,980	2,010

Benchmark 2013 **not available



APPENDIX B
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 pursuant to the Act.

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.

For the period ending June 30, 2014, an average of 5,827 customers were served by the water system, compared to 5,716 in 2013.

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted)

<u>Fiscal Year (June 30)</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2009	377,298	2,105	379,403
2010	367,021	1,575	368,596
2011	375,332	1,700	377,032
2012	384,393	1,339	385,732
2013	377,840	1,297	379,137
2014	380,190	985	381,175

Communities Served

According to the PSC Annual Report, as of June 30, 2014, approximately 5,274 customers and a population of 13,151 were served by the water system.

	<u>Customers At Year End</u>	<u>Population Served</u>
Charles Town	2,255	5,592
Ranson	1,095	2,672
Jefferson County	<u>1,924</u>	<u>4,887</u>
	5,274	13,151

Sewer

The City owns, operates and maintains a wastewater treatment and collection system, extending throughout the City and into the Town of Ranson and the Jefferson County Public Service District, consisting of approximately 2 treatment plants, 8 pumping stations, 2 grinder pumping stations, 32 miles of Gravity Collection Mains and 4 miles of force Collection Mains. All operating and maintenance expenses, in addition to capital improvement expenditures, for the primary 1.75 MGD treatment plant are evenly split between the three entities pursuant to an existing long-term sewer service agreement. The plant discharges its treated effluent to Evitts Run, a tributary of the Shenandoah River.

For the period ending June 30, 2013, an average of 2,842 customers were served by the wastewater treatment plant, compared to 2,907 in 2012.

Sewer Service Area

The Charles Town wastewater treatment and collection system 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:

<u>Mayor/Council</u>	<u>Term</u>	<u>Occupation</u>
Peggy A. Smith, Mayor	6/13 to 6/17	Retired
Rich Bringewatt	6/13 to 6/17	President, National Health Policy Grp
Chester Hines	6/13 to 6/17	Retired
Sandra Slusher McDonald	6/13 to 6/17	Administrative Assistant
Ann Paonessa	6/15 to 6/19	Office Manager
Jonathan Wertman	6/13 to 6/17	Attorney
Bob Trainor	6/15 to 6/19	Coast Guard
Michael Tolbert	6/15 to 6/19	Program Analyst
Nick Zaglifa	6/15 to 6/19	Project Coordinator

The City generally employs a City Manager in addition to 27 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 Kristen Stolipher, Peter Kubic, P.E. and Vice Chair, Thomas W. Stocks, Charles W. Kline, Secretary/Treasurer and Dave Mills, the City Manager and Chairman. Ms. Jane Arnett, CPA, serves as the Utility Manager. The Board employs 20 full-time and 2 part-time employees.

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:

- As a headwater partner in the Chesapeake Bay Program, West Virginia along with other Bay States developed a Tributary Strategy to reduce the amount of nutrients (nitrogen and phosphorus) flowing into the Chesapeake Bay. The City of Charles Town discharges to Evitts Run, which is a tributary to the Potomac River Basin. In accordance with West Virginia's

Tributary Strategy, the City was prescribed nitrogen and phosphorous annual mass effluent discharge limitations.

- The known Chesapeake Bay nutrient limits now prescribed by WV/NPDES permit, allow clearer timelines for capital improvements and the ability to forecast capacity.
- In accordance with the WV/NPDES Permit No. WV0022349, Permit Modification No. 1, issued July 11, 2013; the Charles Town and Tuscahill facilities have been combined into a single NPDES permit with a combined wasteload allocation for total nitrogen and total phosphorus. The benefits associated with this Modification will be described in this Plan.
- Senate Bill 245 grant funding has been issued. Charles Town's Chesapeake Bay "eligible" costs were \$21,537,600 (Tuscahill Phase 1 with engineering \$16,397,192, Projects 1B and 1C \$1,153,558, Charles Town Phase 1 \$3,202,000 and the Tuscahill Effluent Line \$784,850).
- Based on "eligible" costs, Charles Town received grant funds totaling \$10,903,213.21. Use of this grant funding for Chesapeake Bay nutrient removal projects will be detailed in this Plan.
- Tuscahill Phase 1 was substantially complete in September 2013. The 500,000 gallon per day Membrane Bioreactor (MBR) wastewater treatment plant is currently treating an average of 0.14 mgd.
- The project to construct the transfer pumping station between the Charles Town and Tuscahill plants is complete. The transfer pumping station allows greater flexibility for treating wastewater in order to maximize nutrient removal for the greatest volume of flow in the most cost effective manner. This pumping station also contributed to the changes in service by region.
- The capital improvement projects funded under the West Virginia Infrastructure and Jobs Development Council (WV IJDC) Project 2011S-1304 (and part of SB245 grant funding), included the Charles Town Wastewater Treatment Plant Upgrade Phase 1 is under construction and the Tuscahill Effluent Line is complete.
- The City of Charles Town filed a Joint Petition between the City of Charles Town and Willow Spring Public Service Corporation for Approval of an Asset Purchase Agreement with the West Virginia Public Service Commission on February 8, 2012 (Reference PSC Case No. 12-0217-S-PC). The Asset Purchase was completed on October 1, 2013. This update will discuss the plans for serving the Willow Spring area including many properties that have been annexed into the City of Charles Town.
- Expansion Scenarios will focus on wastewater treatment for the entire service area being provided by Charles Town, Tuscahill and Willow Spring wastewater treatment plants.
- The WV IJDC application for Project 2012S-1350 to achieve nutrient reductions at the Charles Town WWTP for permitted flow of 1.75 MGD received approval.
- The Charles Town WWTP has a volumetric capacity of 1.75 million gallons per day (mgd). The nutrient limits for this facility include 26,636 pounds of nitrogen and 2,664 pounds of phosphorus

annually. Charles Town is currently constructing an upgrade referred to as the Charles Town WWTP Improvements Project Phase 1. Initial design of this project forecasted reductions for the discharge of total nitrogen and total phosphorus into the receiving waters for up to current flows. This plan will demonstrate greater nutrient reductions based on more recent operational data. The construction cost is \$3,795,000 and an additional \$84,000 in annual O&M.

Customer Statistics

The average number of System customers for the past ten Fiscal Years are as follows:

Fiscal Year (ending June 30)	Water Customers	Sewer Customers (Charles Town Only)
2005	5,685	2,519
2006	5,977	2,539
2007	6,193	-
2008	6,979	-
2009	7,162	2,898
2010	5,237	2,909
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083

In addition to its residential and commercial customers, the City treats the wastewater from the City of Ranson and Jefferson County Public Service District.

Source: City of Charles Town

The following table sets forth the **ten largest customers of the water portion** of the System and related annual revenues for the fiscal year ended June 30, 2015.

Customer	Consumption Gallons	Revenue
PNGI CT GAMING	50,039,000	\$192,591
HOLIDAY INN EXPRESS	4,123,000	\$23,565
WILLOW TREE MANOR	3,609,000	\$21,453
PNGI CT GAMING	3,498,000	\$13,526
HAMPTON INN	3,471,700	\$20,953
APPLE TREE GARDEN APTS	2,920,100	\$24,374
UNIWEST CAR WASH LLC	2,387,000	\$14,214
CHARLES TOWERS ASSOC	2,186,000	\$20,526
JEFFERSON MEMORIAL	2,124,000	\$12,881
GANTT MILLER	2,020,000	\$20,067

Source: City Billing Records

The following tables set forth the **ten largest customers of each respective sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2015.

SEWER - City of Charles Town

Customer	Consumption Gallons	Revenue
WILLOW TREE MANOR	3,649,000	\$25,995
CHARLES TOWER ASSOC	2,057,500	\$23,457
GANTT MILLER	1,780,000	\$22,589
JEFFERSON CO BOARD OF ED	1,340,000	\$15,439
WHALE OF A WASH	1,155,600	\$8,574
UNITED BANK	751,100	\$5,748
WENDYS	518,400	\$4,103
JEFFERSON CO BOARD OF ED	506,200	\$3,938
MIRTA QSR KNE LLC	451,700	\$3,650
FRITTS RUSSEL J	424,000	\$4,054

SEWER - Willow Spring

Customer	Consumption Gallons	Revenue
WILLOW SPRING FARM APTS 2	1,369,000	\$15,790
SPARTI LLC	1,225,400	\$14,121
RUBY TUESDAYS	1,192,000	\$13,737
WEST RIDGE INN	1,180,000	\$13,599
WILLOW SPRING FARM APTS 3	1,160,000	\$13,944
CT LMTD PART. 6	897,300	\$10,348
GOLDS GYM	766,900	\$8,848
WILLOW SPRING FARM APTS 1	730,000	\$11,667
SHEETZ	697,100	\$8,144
WILLOW SPRING FARM APTS 5	667,800	\$10,004

SEWER - Sanitary Assc.

Customer	Consumption Gallons	Revenue
WALMART	1,615,200	\$11,554
SPRING RUN APTS	1,233,000	\$10,789
LAUNDRY HOUSE	762,000	\$5,611
CHINA FORTUNE	454,700	\$3,452
PATRICK HENRY APTS 6	257,600	\$2,839
PATRICK HENRY APTS 5	210,600	\$2,839
PATRICK HENRY APTS 2	182,900	\$2,271
PATRICK HENRY APTS 1	153,300	\$2,271
PATRICK HENRY APTS 4	150,700	\$2,839
PATRICK HENRY APTS 3	134,800	\$1,420

Source: City Billing Records

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:

SCHEDULE I

APPLICABILITY

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
All over	40,000 gallons used per month	\$5.53 per 1,000 gallons

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

5/8" of 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	\$1,029.00 per month

FLAT RATE

For Domestic, Commercial or Industrial Customer --\$37.04 per month for 4,500 gallons.

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 schedule is net. On all accounts not paid in full 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	\$00.20 per annum

RATES FOR FIRE PROTECTION - PRIVATE

Fire Hydrants, each	\$72.00 per annum
Sprinkler Heads, each	\$00.20 per annum

SCHEDULE II

CAPACITY IMPROVEMENTS 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 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 than single family residential units for the capacity improvements capital cost fee are as follows:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENTS CAPITAL COST FEE

<u>UNIT</u>	<u>GALLONS PER DAY</u>	<u>RESIDENTIAL USAGE EQUIVALENT</u>
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	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/person per shift
Hotel	120/room	0.8/person per shift
Industry	15/person/shift	0.1 person per shift
<u>Institutions:</u>		
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
<u>School:</u>		
Day, no cafeteria>Showers	15/pupil	0.1/pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria>Showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100ft. of sales area

Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Theater	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the water department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

Current Sewer Rates

The Public Service Commission authorized a sewer rate increase effective for all service rendered on or after the completion of an improvements project undertaken in 2013. The current rates are as follows:

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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	\$13.84	per 1,000 gallons
Next	8,000 gallons used per month	\$9.96	per 1,000 gallons
Next	20,000 gallons used per month	\$9.04	per 1,000 gallons
All over	30,000 gallons used per month	\$8.01	per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$27.68 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, \$52.58 per month.

RESALE RATE

\$7.12 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 accounts not paid in full when due, 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

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.

LEAK ADJUSTMENT

\$0.95 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

The security deposit shall be \$50.00.

SCHEDULE II

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 Ordinance 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 capital capacity improvement fee – Huntfield pump station of \$2,875 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 capital capacity improvement fee – Huntfield pump station shall be based upon the following:

**RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE**

<u>UNIT</u>	<u>WATER GALLONS/DAY</u>	<u>RESIDENTIAL USAGE EQUIVALENT</u>
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
<u>Institutions:</u>		
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
<u>School:</u>		
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.

Summary of Doubtful Accounts

Provision for Year Ended June 30	Operating Revenues	Doubtful Accounts	Accounts Receivable Written Off
2008	\$4,724,696	-0-	\$ 8,786
2009	\$5,144,621	-0-	\$ 9,961
2010	\$5,118,257	-0-	\$18,853
2011	\$5,358,739	-0-	\$42,493
2012	\$5,277,810	-0-	\$29,979
2013	\$5,140,410	-0-	\$29,630

Source: City Billing Records, Public Service Commission Annual Report

The City has covenanted to diligently enforce and collect all fees and charges as described in "APPENDIX F — FORM OF ORDINANCES".

System Budget and Expenditures

An operating budget is prepared annually by the Utility Board and is approved by the Council.

Method of Accounting

The accounts of the Water and Sewer Funds are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the City accounts are maintained in accordance with generally accepted accounting principles. Perry & Associates, Certified Public Accountants, A.C. audited the records of the City for the fiscal year ended June 30, 2014. (See “APPENDIX C – FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN.”)

Retirement System Contributions

Fiscal Years Ended June 30	2009	2010	2011	2012	2013	2014
City Contribution Amount(1)	\$280,688	\$124,530	\$137,336	\$158,110	\$149,918	\$155,799

(1) Fiscal Year Ended June 30, 2009 includes contributions made on behalf of all City employees. Fiscal Years Ended June 30, 2010, 2011, 2012, 2013 and 2014 include contributions made on behalf of Charles Town Utility Board employees.

Source: City of Charles Town Audits

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APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN UTILITY
BOARD FOR THE FISCAL YEAR JUNE 30, 2014**

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569



PERRY & Associates

Certified Public Accountants, A.C.

**CHARLES TOWN UTILITY BOARD
Component Unit of the
Municipality of Charles Town
JEFFERSON COUNTY
Single Audit
For the Year Ended June 30, 2014
RFP #14-009**

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**CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY
FOR THE YEAR ENDED JUNE 30, 2014**

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740.695.1569

INDEPENDENT AUDITOR'S REPORT

March 20, 2015

Charles Town Utility Board
Jefferson County
832 South George Street
Charles Town, WV 25414

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Charles Town Utility Board**, a component unit of the Municipality of Charles Town, Jefferson County, West Virginia (the Utility Board), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Utility Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Utility Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Utility Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

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Basis for Qualified Opinion

The Utility Board has elected not to record the 2014 OPEB expense that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America. If the OPEB expense was recorded, OPEB liability would increase \$15,322, and net position would decrease by \$15,322 as of June 30, 2014. Additionally, expenses would increase by \$15,322 for the year ending June 30, 2014. In addition the Utility Board has elected not to record previous periods OPEB expense that, in our opinion, should be recorded in order to conform to accounting principles generally accepted in the United States of America. If the previous OPEB expense was recorded the OPEB liability would be \$625,191 as of June 30, 2014.

Qualified Opinion

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Charles Town Utility Board, as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information.

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule of Federal Awards Expenditures is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards Expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015 on our consideration of the Utility Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility Board's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014
(Unaudited)

The discussion and analysis of the Charles Town Utility Board's (Utility Board) financial performance provides an overview of the Utility Board's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Utility Board's financial statements.

FINANCIAL HIGHLIGHTS

The Utility Board's net position increased \$1.2 million as a result of this year's operations. Net position of the water fund increased \$0.1 million compared to the previous year, or 3 percent, net position of the sewer fund increased by \$1.1 million, or 28 percent compared to the previous year.

The Utility Board's operating revenues increased by \$0.9 million and operating expenses increased \$0.9 million compared to the previous year. Water fund operating revenues increased by \$0.1 million and water fund operating expenses increased by \$0.1 million compared to the previous year. Sewer fund operating revenues increased \$0.8 million and sewer operating expenses increased \$0.8 million compared to the previous year.

Operating income remained constant at \$0.2 million for the water fund and remained constant at \$0.6 million for the sewer fund compared to the previous year.

USING THIS ANNUAL REPORT

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Utility Board's financial statements. The Utility Board's financial statements and Notes to the Financial Statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types, except that the Utility Board has elected to not record the liability for other post employment benefits (OPEB). In accordance with the implementation of GASB No. 65, the Utility Board restated beginning net position by charging-off \$1.4 million of previously capitalized debt issuance costs. All comparisons in this report reflect the cumulative adjustment related to the adoption of GASB No. 65.

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Utility Board's finances, in a manner similar to private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

The Statement of Net Position presents information on all the Utility Board's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Utility Board is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Utility Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in different fiscal periods (e.g., depreciation and earned but unused vacation leave).

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014
(Unaudited)

The Statement of Cash Flows presents the Utility Board's sources and uses of cash and changes in cash balances between the current and prior year.

The basic financial statements report all Utility Board financial activities. The activities are primarily supported by water and sewer user fees. The Utility Board's mission is furthering the preservation of public health, comfort and convenience of the residents of the Municipality of Charles Town and surrounding areas by providing water and sewer services to customers in its franchise area.

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in the financial statements mentioned at #2 above.

REPORTING THE UTILITY BOARD AS A WHOLE

The analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the Utility Board's financial activities.

Table 1 - Net Position (in Millions)

	<u>Water</u>		<u>Sewer</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 4.0	\$ 3.6	\$ 2.5	\$ 1.4	\$ 6.5	\$ 5.0
Capital assets	14.9	14.8	28.0	22.7	42.9	37.5
Deferred outflows of resources	0.7	0.8	0.2	0.2	0.9	1.0
Total assets and deferred outflows of resources	<u>\$ 19.6</u>	<u>\$ 19.2</u>	<u>\$ 30.7</u>	<u>\$ 24.3</u>	<u>\$ 50.3</u>	<u>\$ 43.5</u>
Long-term debt outstanding	\$ 15.7	\$ 15.4	\$ 25.4	\$ 20.0	\$ 41.1	\$ 35.4
Other liabilities	0.6	0.6	0.3	0.4	0.9	1.0
Total liabilities	<u>16.3</u>	<u>16.0</u>	<u>25.7</u>	<u>20.4</u>	<u>42.0</u>	<u>36.4</u>
Net position:						
Net investment in capital assets	(0.1)	0.2	2.7	2.9	2.6	3.1
Restricted	3.3	2.6	2.0	1.1	5.3	3.7
Unrestricted	0.1	0.4	0.3	(0.1)	0.4	0.3
Total net position	<u>3.3</u>	<u>3.2</u>	<u>5.0</u>	<u>3.9</u>	<u>8.3</u>	<u>7.1</u>
Total liabilities and net position	<u>\$ 19.6</u>	<u>\$ 19.2</u>	<u>\$ 30.7</u>	<u>\$ 24.3</u>	<u>\$ 50.3</u>	<u>\$ 43.5</u>

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014
 (Unaudited)

Net position of the Utility Board as a whole increased by 17 percent (\$1.2 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$0.3 million at June 30, 2013, to \$0.4 million at the end of this year.

Water net position increased by \$0.1 million or 3 percent and sewer net position increased by \$1.1 million or 28 percent.

By far, the largest portion of the Utility Board's assets reflects its investment in capital assets. The Utility Board uses these capital assets to provide water and sewer services to its customers; consequently, these assets are not available for future spending.

Table 2 - Changes in Net Position (in Millions)

	Water		Sewer		Total	
	2014	2013	2014	2013	2014	2013
Operating revenues	\$ 3.2	\$ 3.1	\$ 2.9	\$ 2.1	\$ 6.1	\$ 5.2
Operating expenses	3.0	2.9	2.3	1.5	5.3	4.4
Operating income	0.2	0.2	0.6	0.6	0.8	0.8
Non-operating revenues (expenses)	(0.2)	(0.2)	(0.4)	(0.3)	(0.6)	(0.5)
Changes in net position before capital contributions	-	-	0.2	0.3	0.2	0.3
Capital contributions	0.1	0.2	0.8	0.1	0.9	0.3
Change in net position	<u>\$ 0.1</u>	<u>\$ 0.2</u>	<u>\$ 1.0</u>	<u>\$ 0.4</u>	<u>\$ 1.1</u>	<u>\$ 0.6</u>

The Utility Board's operating revenues increased by \$0.9 million or 17 percent. The operating expenses increased by \$0.9 million or 20 percent. The analysis separately considers the operations of the water and sewer funds.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2014, budgets were prepared by the Utility Board and were approved by the Utility Board of Directors. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with principles used in the preparation of the basic financial statements.

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014
 (Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Utility Board had \$42.9 million invested in a broad range of capital assets, including land, structures, machinery and equipment, and water and sewer lines (see Table 3 below). This amount represents a net increase (including additions and disposals) of \$5.4 million.

Table 3 - Capital Assets at Year-End (Net of Depreciation, in Millions)

	<u>2014</u>	<u>2013</u>
Capital assets not depreciated - utility plant	\$ 1.5	\$ 13.1
Capital assets depreciated - utility plant	<u>59.9</u>	<u>41.5</u>
Totals	61.4	54.6
Accumulated depreciation	<u>(18.5)</u>	<u>(17.1)</u>
Capital assets, net of depreciation	<u><u>\$ 42.9</u></u>	<u><u>\$ 37.5</u></u>

Additions for the year ended June 30, 2014 are as follows (in Millions)

Tuscawilla sewer treatment plant upgrade	\$ 3.0
Avis Street tank painting	0.3
Willow Spring sewer system	1.4
Huntfield pump-over line	0.9
Water system generators	0.9
Various water and sewer projects	<u>0.3</u>
Total 2014 additions	<u><u>\$ 6.8</u></u>

Debt

At year-end, the Utility Board had \$41.1 million in long-term debt outstanding compared to \$35.4 million in the previous year.

Table 4 - Outstanding Debt at Year-End (in Millions)

	<u>2014</u>	<u>2013</u>
Leases	\$ 0.4	\$ 0.5
Loans (Municipality of Charles Town)	0.6	0.6
Notes	0.1	0.1
Bonds	<u>40.0</u>	<u>34.2</u>
Total	<u><u>\$ 41.1</u></u>	<u><u>\$ 35.4</u></u>

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014
(Unaudited)

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 notes, loans, and obligations under capital leases. More detailed information about the Utility Board's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS

The Utility Board's appointed officials considered many factors when setting the fiscal-year 2014 budget. One of those factors was the economy. The County's population has a direct impact on the Utility Board's economic growth.

The Utility Board 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 of the Utility Board.

CONTACTING THE UTILITY BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, and investors and creditors with a general overview of the Utility Board's finances and to show the Utility Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Utility Manager at 832 South George Street, Charles Town, WV 25414.

Charles Town Utility Board
STATEMENT OF NET POSITION
June 30, 2014

	Water Fund	Sewer Fund	Totals
ASSETS			
Current:			
Cash	\$ 122,781	\$ 155,594	\$ 278,375
Receivables, net of allowances	163,611	99,156	262,767
Due from sewer fund	1,369	-	1,369
Due from associated companies	-	115,488	115,488
Inventory, at cost	101,014	570	101,584
Accrued utility revenue	266,887	164,098	430,985
Total current assets	655,662	534,906	1,190,568
Restricted:			
Debt service funds	1,760,468	980,107	2,740,575
Construction funds	426,204	631,942	1,058,146
Capacity improvement funds	1,061,954	375,586	1,437,540
Repair and replacement funds	140,491	68,629	209,120
Total restricted assets	3,389,117	2,056,264	5,445,381
Capital Assets:			
Utility plant in service	26,194,303	34,190,495	60,384,798
Less: accumulated depreciation and amortization	11,828,800	6,702,622	18,531,422
Net utility plant in service	14,365,503	27,487,873	41,853,376
Construction in progress	518,975	471,174	990,149
Total capital assets	14,884,478	27,959,047	42,843,525
Deferred Outflow of Resources:			
Unamortized amounts from refunding of debt	705,253	186,663	891,916
Total deferred outflows	705,253	186,663	891,916
Total assets and deferred outflows	\$ 19,634,510	\$ 30,736,880	\$ 50,371,390

See accompanying notes the financial statements.

Charles Town Utility Board
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2014

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES			
(PAYABLE FROM CURRENT ASSETS)			
Accounts payable	\$ 168,900	\$ 90,162	\$ 259,062
Accrued expenses	193,417	102,874	296,291
Customer deposits	144,633	76,353	220,986
Due to other utilities	1,308	-	1,308
Due to water fund	-	1,369	1,369
Due to City of Charles Town	250	-	250
Capital lease payable (current portion)	86,121	6,492	92,613
Notes payable (current portion)	16,089	19,877	35,966
	<u>610,718</u>	<u>297,127</u>	<u>907,845</u>
CURRENT LIABILITIES			
(PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	718,321	1,009,322	1,727,643
Accrued revenue bond interest payable	97,997	47,264	145,261
	<u>816,318</u>	<u>1,056,586</u>	<u>1,872,904</u>
LONG-TERM LIABILITIES			
(NET OF CURRENT PORTION)			
Revenue bonds payable	14,102,757	24,244,547	38,347,304
Capital lease payable	310,590	6,817	317,407
Notes payable	-	28,871	28,871
Accrued expenses	47,798	20,847	68,645
Loan from Charles Town	475,460	126,887	602,347
	<u>14,936,605</u>	<u>24,427,969</u>	<u>39,364,574</u>
Total long-term liabilities	<u>14,936,605</u>	<u>24,427,969</u>	<u>39,364,574</u>
Total liabilities	<u>16,363,641</u>	<u>25,781,682</u>	<u>42,145,323</u>
NET POSITION			
Net investment in capital assets	(119,607)	2,702,897	2,583,290
Restricted	3,291,120	2,009,000	5,300,120
Unrestricted	99,356	243,301	342,657
	<u>3,270,869</u>	<u>4,955,198</u>	<u>8,226,067</u>
Total net position	<u>3,270,869</u>	<u>4,955,198</u>	<u>8,226,067</u>
Total liabilities and net position	<u>\$ 19,634,510</u>	<u>\$ 30,736,880</u>	<u>\$ 50,371,390</u>

See accompanying notes to the financial statements.

Charles Town Utility Board
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Sales and services to customers	<u>\$ 3,169,743</u>	<u>\$ 2,923,964</u>	<u>\$ 6,093,707</u>
Total operating revenues	<u>3,169,743</u>	<u>2,923,964</u>	<u>6,093,707</u>
OPERATING EXPENSES			
Personal services	756,153	608,689	1,364,842
Contractual services	103,407	149,366	252,773
Administrative and general	151,471	123,854	275,325
Materials and supplies	237,532	217,674	455,206
Utilities	124,110	249,745	373,855
Maintenance	762,880	367,402	1,130,282
Depreciation and amortization	<u>818,536</u>	<u>583,109</u>	<u>1,401,645</u>
Total operating expenses	<u>2,954,089</u>	<u>2,299,839</u>	<u>5,253,928</u>
Operating income	<u>215,654</u>	<u>624,125</u>	<u>839,779</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	3,254	755	4,009
Interest and fiscal charges	(636,667)	(268,530)	(905,197)
Bond issuance costs	(61,929)	(120,041)	(181,970)
Miscellaneous revenues	<u>432,567</u>	<u>-</u>	<u>432,567</u>
Total nonoperating revenues (expenses)	<u>(262,775)</u>	<u>(387,816)</u>	<u>(650,591)</u>
Income before contributed capital	(47,121)	236,309	189,188
CONTRIBUTED CAPITAL	<u>147,002</u>	<u>802,150</u>	<u>949,152</u>
Change in net position	99,881	1,038,459	1,138,340
Total net position at beginning of year, as restated	<u>3,170,988</u>	<u>3,916,739</u>	<u>7,087,727</u>
Total net position at end of year	<u><u>\$ 3,270,869</u></u>	<u><u>\$ 4,955,198</u></u>	<u><u>\$ 8,226,067</u></u>

See accompanying notes to the financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS
For the year ended June 30, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 3,120,192	\$ 2,883,069	\$ 6,003,261
Cash paid for operation and maintenance expenses	<u>(2,096,295)</u>	<u>(1,641,543)</u>	<u>(3,737,838)</u>
Net cash provided by operations	<u>1,023,897</u>	<u>1,241,526</u>	<u>2,265,423</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(887,477)	(5,823,138)	(6,710,615)
Bond acquisition costs paid	(61,929)	(120,041)	(181,970)
Proceeds from revenue bonds and long-term debt	1,136,500	6,219,731	7,356,231
Principal paid on revenue bonds and long-term debt	(783,695)	(886,152)	(1,669,847)
Interest paid on bonds, notes and leases payable	(565,009)	(230,132)	(795,141)
Increase in restricted assets, net	(710,233)	(888,569)	(1,598,802)
Contributed capital	<u>147,002</u>	<u>802,150</u>	<u>949,152</u>
Net cash used in capital and related financing activities	<u>(1,724,841)</u>	<u>(926,151)</u>	<u>(2,650,992)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	435,821	755	436,576
Interdepartmental advances/repayments	252,000	(252,000)	-
Payments to other utilities	(15,086)	-	(15,086)
Repayment of City of Charles Town general fund advances	<u>(7,658)</u>	<u>(4,908)</u>	<u>(12,566)</u>
Net cash provided by (used in) investing activities	<u>665,077</u>	<u>(256,153)</u>	<u>408,924</u>
Net increase (decrease) in cash and cash equivalents	(35,867)	59,222	23,355
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>158,648</u>	<u>96,372</u>	<u>255,020</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 122,781</u>	<u>\$ 155,594</u>	<u>\$ 278,375</u>

See accompanying notes to the financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2014

	Water Fund	Sewer Fund	Totals
Operating income	\$ 215,654	\$ 624,125	\$ 839,779
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	818,536	583,109	1,401,645
Decrease (increase) in receivables	23,622	9,510	33,132
Decrease (increase) in accrued revenues	(5,614)	(68,202)	(73,816)
Decrease (increase) in inventory	(21,447)	-	(21,447)
Increase (decrease) in accounts payable	68,531	69,835	138,366
Increase (decrease) in customer deposits	(67,559)	17,797	(49,762)
Increase (decrease) in accrued expenses	(7,826)	5,352	(2,474)
	<u>\$ 1,023,897</u>	<u>\$ 1,241,526</u>	<u>\$ 2,265,423</u>

**SUPPLEMENTAL DISCLOSURES
OF CASH FLOW INFORMATION**

Noncash investing, capital, and financing transactions:

None

RECONCILIATION OF CASH

Cash per statement of net position	\$ 122,781	\$ 155,594	\$ 278,375
Cash per statement of cash flows	\$ 122,781	\$ 155,594	\$ 278,375

See accompanying notes to the financial statements.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

The Charles Town Utility Board (the "Utility Board") is a component unit of the Municipality of Charles Town, West Virginia. The Utility Board's purpose is furthering the preservation of the public health, comfort, and convenience of the residents of the Municipality of Charles Town and surrounding areas by providing water and sewer services to customers in its franchise area. The Utility Board is governed by a board of directors who are appointed by the Municipality of Charles Town. The Utility Board serves approximately 5,800 water customers and 3,100 sewer customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the Utility Board are described below.

Reporting Entity

For financial reporting purposes, the Utility Board is considered a component unit of the Municipality of Charles Town. The basic criteria for defining the Utility Board as a component unit of the Municipality of Charles Town is the financial interdependence, accountability for fiscal matters, significant influence on operations and ability to designate management.

For purposes of regulation by the West Virginia Public Service Commission and as required by its revenue bond issues, water and sewer are maintained as separate funds with separate books of account.

Basis of Presentation

The accounting policies of the Utility Board conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. The Utility Board accounts for its operations in a manner similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The costs (including depreciation) of providing goods and services to customers on a continuing basis are recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and accountability.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Revenues and expenses of the Utility Board are accounted for within two funds, both of which are enterprise funds. The Utility Board uses the accrual basis of accounting for its enterprise funds, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Utility Board. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange or ancillary activities.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

When both restricted and unrestricted resources are available for use, it is the Utility Board's policy to use restricted resources first, and then the unrestricted resources as needed. See Note 1 for information describing restricted assets.

Utility Plant

Utility plant purchased or acquired under capital leases by the Utility Board is stated at cost and utility plant contributed to the Utility Board is stated at fair market value at the time received. Depreciation is provided on all utility plant in service based on the estimated useful lives, which range from 5 to 50 years, using the straight-line method. The Utility Board's policy is to capitalize all property, plant, and equipment with a purchase price greater than \$1,000.

Expenditures for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

Interest related to construction projects is capitalized as a cost of the project. There was no capitalized interest for the year ended June 30, 2014.

The depreciation/amortization of assets acquired under capital leases or in excess of predecessor book value are included in depreciation expense.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Utility Board considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three months or less, to be cash equivalents.

Cash and cash equivalents at June 30, 2014 includes deposits of \$3,123,721 at five banks. Deposits are FDIC insured and deposits in excess of FDIC limits are 100% collateralized with securities held by the financial institution in the name of the Utility Board.

All carrying values are the same as market values.

Restricted Assets

Assets whose use is limited include:

Debt service funds and debt service reserve funds represent funds required by debt covenants under the various debt ordinances. These funds are to be used to pay bond interest and principal.

Construction funds represent funds held by banks as trustees under the bond ordinances. These funds are to be used solely for payment of costs associated with the Utility Board's ongoing construction projects.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets (continued)

Capacity improvement funds are established by ordinance and subject to West Virginia Public Service Commission regulation. The capacity improvement fund is to be kept apart from all other funds and shall be invested and reinvested in accordance with applicable regulation. Withdrawals and disbursements may be made for replacements, emergency repairs, improvements, and upgrades to the system.

The repair and replacement fund represents funds held by a bank under the Utility Board's bond ordinances. Withdrawals may be made for replacement and emergency repairs.

All carrying values are the same as market values.

Revenue Recognition

The Utility Board's policy is to recognize revenue on the accrual basis. The Utility Board accrues revenue earned but not billed.

Accounts Receivable and Bad Debts

The Utility Board's management periodically analyzes delinquent accounts of the water and sewer funds and uses the allowance method for accounting for bad debts. At June 30, 2014, accounts receivable for the water and sewer funds are \$163,611 and \$99,156, respectively, net of allowance for doubtful accounts. Revenue accrued but not billed for the water and sewer funds at June 30, 2014 are \$266,887 and \$164,098, respectively.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets applicable to a future reporting period and will not be recognized as an expense until then. Deferred amounts from the refunding of debt will be recognized as interest expense in the appropriate reporting period.

Advance Refunding of Debt

Deferred amounts resulting from advance refunding of debt are being amortized by the straight-line method over the life of the new debt.

Income Taxes

The Utility Board is exempt from federal and state income taxes as a subdivision of the Municipality of Charles Town.

Inventories

Inventories consist of expendable supplies and are accounted for on a first-in first-out basis. Inventories approximate fair market value at June 30, 2014.

Compensated Absences

The Utility Board's policy is to permit employees to accumulate earned but unused vacation benefits. The Utility Board fully recognizes the liability related to compensated absences in the funds. Compensated absences amounted to \$68,645 at June 30, 2014.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Nonexchange Transactions

The Utility Board follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The Utility Board receives voluntary nonexchange transactions from developer and customer donations of cash, property, lines and improvements. In addition, the Utility Board receives various capital grants from federal and state agencies. These donations are considered capital contributions on the Statements of Revenues, Expenses and Changes in Net Position.

Customer Deposits

Customer deposits are refunded after bills for service have been paid on time for twelve consecutive months.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when legal limitations are imposed on its use by legislation or external restrictions by creditors, grantors, laws or regulations of other governments. Unrestricted net position is net position that does not meet the definition of “net investment in capital assets, or restricted net position”.

Interfund Transactions

Interfund transactions are fully reflected in the financial statements and recorded through applicable “due to/due from” asset and liability accounts.

NOTE 2 - CASH

Cash consists of the following accounts and amounts at June 30, 2014:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Petty cash	\$ 75	\$ 75	\$ 150
Operations and maintenance accounts	68,564	83,709	152,273
Security deposit accounts	54,142	71,810	125,952
	<u>\$122,781</u>	<u>\$ 155,594</u>	<u>\$ 278,375</u>

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - CAPITAL ASSETS

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014
Capital Assets Not Depreciated				
Land and land rights	\$ 525,800	\$ -	\$ -	\$ 525,800
Construction in progress	12,615,531	-	11,625,382	990,149
Total Capital Assets Not Depreciated	13,141,331	-	11,625,382	1,515,949
Capital Assets Depreciated				
Utility plant in service	41,477,660	18,381,338	-	59,858,998
Less accumulated depreciation	(17,129,777)	(1,401,645)	-	(18,531,422)
Net Capital Assets Depreciated	24,347,883	16,979,693	-	41,327,576
Total Capital Assets	\$ 37,489,214	\$ 16,979,693	\$11,625,382	\$ 42,843,525

NOTE 4 - LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2014:

Bonds Payable - Water Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2013	Additions	Payments	Balance June 30, 2014	Due Within One Year
1987B	2026	0.00%	\$ 152,390	\$ -	\$ 10,885	\$ 141,505	\$ 10,885
1988B	2028	0.00%	228,916	-	14,308	214,608	14,308
1989B	2029	0.00%	51,210	-	3,012	48,198	3,012
2002A	2039	5.80%	981,887	-	15,896	965,991	16,818
2002B	2042	0.00%	2,711,687	-	93,507	2,618,180	93,507
2002C	2032	variable	2,065,953	-	79,800	1,986,153	69,300
2003A	2032	variable	825,000	-	25,000	800,000	25,000
2006B	2026	variable	1,520,000	-	85,000	1,435,000	90,000
2009A	2029	variable	4,916,700	-	315,900	4,600,800	332,100
2010A	2031	2.00%	827,024	-	39,219	787,805	40,009
2010B	2031	2.00%	90,637	-	4,299	86,338	4,382
2013B	2043	4.70%	-	1,136,500	-	1,136,500	19,000
Total Bonds Payable			\$ 14,371,404	\$1,136,500	\$686,826	\$ 14,821,078	\$ 718,321

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - LONG-TERM DEBT (continued)

Bonds Payable - Water Fund (continued)

Maturities of water bonds payable for years succeeding June 30, 2014, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 718,321	\$ 529,698	\$ 1,248,019
2016	645,196	508,461	1,153,657
2017	672,439	486,768	1,159,207
2018	688,563	463,611	1,152,174
2019	710,965	439,258	1,150,223
2020-2024	3,956,778	1,778,838	5,735,616
2025-2029	3,969,140	960,092	4,929,232
2030-2034	1,788,469	397,132	2,185,601
2035-2039	1,000,450	180,149	1,180,599
2040-2043	670,757	45,147	715,904
	<u>\$ 14,821,078</u>	<u>\$ 5,789,154</u>	<u>\$ 20,610,232</u>

Bonds Payable - Sewer Fund

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
1988B	2028	0.00%	\$ 121,392	\$ -	\$ 7,588	\$ 113,804	\$ 7,588
1998 Design	2019	2.00%	155,918	-	23,659	132,259	24,136
2000A	2021	2.00%	1,499,886	-	163,545	1,336,341	166,839
2002C	2032	variable	1,209,047	-	25,200	1,183,847	40,700
2005A	2035	7.00%	210,000	-	210,000	-	-
2006A	2028	variable	1,495,000	-	60,000	1,435,000	65,000
2009A	2028	variable	1,153,300	-	74,100	1,079,200	77,900
2010C	2041	0.00%	1,166,664	-	41,668	1,124,996	41,668
2010D	2041	0.00%	466,664	-	16,668	449,996	16,668
2011A	2041	0.00%	9,720,130	2,992,534	239,040	12,473,624	478,080
2011B	2032	0.00%	2,000,000	-	-	2,000,000	-
2012A	2039	0.00%	621,731	872,264	-	1,493,995	46,000
2013A	2044	0.50%	75,876	318,485	-	394,361	13,743
2013B	2043	4.70%	-	1,833,500	-	1,833,500	31,000
2014A	2046	0.50%	-	202,946	-	202,946	-
Total Bonds Payable			<u>\$ 19,895,608</u>	<u>\$6,219,729</u>	<u>\$861,468</u>	<u>\$ 25,253,869</u>	<u>\$ 1,009,322</u>

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - LONG-TERM DEBT (continued)

Bonds Payable - Sewer Fund (continued)

Maturities of sewer bonds payable for years succeeding June 30, 2014, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,009,322	\$ 379,766	\$ 1,389,088
2016	1,039,204	377,609	1,416,813
2017	1,142,430	393,410	1,535,840
2018	1,117,242	356,019	1,473,261
2019	1,130,428	329,834	1,460,262
2020-2024	5,737,678	1,348,570	7,086,248
2025-2029	5,481,008	869,300	6,350,308
2030-2034	4,136,688	547,357	4,684,045
2035-2039	3,317,990	396,426	3,714,416
2040-2044	1,141,879	115,414	1,257,293
2045-2046	-	-	-
	<u>\$ 25,253,869</u>	<u>\$ 5,113,705</u>	<u>\$ 30,367,574</u>

Interest in the above schedule includes administrative fees payable to the West Virginia State Revolving Fund program.

The water and sewer bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system.

The covenants contained in the water and sewer bond issues include a required debt service coverage ratio of 115%. The Utility Board met the required coverage for the year ended June 30, 2014.

The water and sewer bond issues require monthly deposits to the renewal and replacement fund equal to 2-1/2% of monthly gross revenues. The Utility Board's deposits, including necessary expenditures for renewals and replacements, exceeded this requirement for the year ended June 30, 2014.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - LONG-TERM DEBT (continued)

Notes Payable Bank - Water Fund

Loan from a bank in the original amount of \$299,000; monthly installments of principal and interest of \$2,664 including interest at 6.65% until 2015; secured by deed of trust. This note was divided between Water and Sewer Funds. \$ 16,089

Scheduled maturities of the note for the years succeeding June 30, 2014 are estimated as follows:

Year	Principal	Interest	Total
2015	\$ 16,089	\$ 452	\$ 16,541
	\$ 16,089	\$ 452	\$ 16,541
	\$ 16,089	\$ 452	\$ 16,541

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 2020; secured by deed of trust. \$ 29,641

Loan from a bank in the original amount of \$299,000; monthly installments of principal and interest of \$2,664 including interest at 6.65% until 2016; secured by deed of trust. This note was divided between Water and Sewer Funds. 19,107

Total \$ 48,748

Scheduled maturities of the notes for the years succeeding June 30, 2014 are estimated as follows:

Year	Principal	Interest	Total
2015	\$ 19,877	\$ 2,292	\$ 22,169
2016	8,495	1,430	9,925
2017	5,074	1,104	6,178
2018	5,392	786	6,178
2019	5,731	447	6,178
2020	4,179	99	4,278
	\$ 48,748	\$ 6,158	\$ 54,906
	\$ 48,748	\$ 6,158	\$ 54,906

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 5 - LEASE AGREEMENTS

Capital Leases

The Charles Town Utility Board is the lessor of various equipment and improvements under capital leases expiring at various times. The assets and liabilities under the capital leases are recorded at their present value of the minimum lease payments.

The lease obligations are secured by the leased equipment and/or improvements. Depreciation of assets under capital lease is included in depreciation expense for the year ended June 30, 2014.

<u>Leased Equipment</u>	<u>Expiration</u>	Water Fund	Sewer Fund
		Remaining Minimum (net of interest) Lease Payments	Remaining Minimum (net of interest) Lease Payments
Various utility improvements, equipment, and vehicles	2014-2020		
Total capital leases payable at June 30, 2014		\$ 396,711	\$ 13,309
Less: Current portion due in upcoming year		(86,121)	(6,492)
Long-term capital leases payable at June 30, 2014 (net of current portion)		<u>\$ 310,590</u>	<u>\$ 6,817</u>

Estimated minimum future lease payments under the capital leases as of June 30, 2014 are as follows:

<u>Water</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 86,121	\$ 13,610	\$ 99,731
2016	79,573	10,110	89,683
2017	82,651	7,033	89,684
2018	63,949	3,851	67,800
2019	58,539	1,863	60,402
2020	25,878	210	26,088
	<u>\$ 396,711</u>	<u>\$ 36,677</u>	<u>\$ 433,388</u>

<u>Sewer</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 6,492	\$ 665	\$ 7,157
2016	6,817	340	7,157
	<u>\$ 13,309</u>	<u>\$ 1,005</u>	<u>\$ 14,314</u>

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - PENSION PLAN

The Utility Board is a participant in the West Virginia Public Employees Retirement System (WVPERS), which is a defined benefit, cost-sharing multiple-employer pension plan. The pension plan covers all of the Utility Board's employees whose tenure is not temporary or provisional. Members' rights to employee contributions vest immediately while members with one year or more contributing service and five years or more credited service shall be eligible to retire at age 60. Contributions to the WVPERS by the Utility Board are 14.5% of eligible employees' compensation. In addition, the Utility Board withholds 4.5% of the eligible employees' compensation and remits the withholding on a monthly basis to the WVPERS. The Utility Board's contribution requirement was not actuarially determined. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act. The employer contributions for the years ended June 30, 2014, 2013, and 2012 were \$155,799, \$149,918, and \$158,110, respectively. The employee contributions for the years ended June 30, 2014, 2013, and 2012 were \$48,316, \$48,189, and \$49,069, respectively. Total covered payroll for the year ended June 30, 2014 was approximately \$1,095,816.

Information regarding benefit provisions, actuarial assumptions and funding method, pension benefit obligation (actuarial present value of projected benefits), net assets available for benefits, historical trends, and related party transactions are not readily available since such determinations are made and information is kept on a system-wide basis and not for the individual participating entities. This information is available in the separately issued financial statements of the WVPERS at Capitol Complex, Building 5, Room 1000, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305.

NOTE 7 - RETIREE HEALTH PLAN (RHP)

Plan Description

The Utility Board contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. The RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia.

Corporation Establishing the Plan and Funding Policy

Chapter 5, Article 16D of the West Virginia State Code assigns the Corporation to establish and amend benefits and provisions to the RHBT. Participating employers are contractually required to contribute at a rate based on the annual required contributions (ARC) of the plan, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Utility Board elected not to record OPEB expense for fiscal year 2014 and certain preceding years which is required under Generally Accepted Accounting Principles.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - RISK MANAGEMENT

The Utility Board 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 Utility Board participates in several risk management programs administered by the State of West Virginia.

NOTE 9 - LOAN FROM MUNICIPALITY OF CHARLES TOWN

The Municipality of Charles Town loaned the Utility Board \$640,795 to finance certain water and sewer construction projects. The loans bear no interest and are generally being repaid over a 50 year term. Annual required loan payments amount to \$12,816. The loan balances are \$475,460 and \$126,887 for the water and sewer departments, respectively, at June 30, 2014.

NOTE 10 - RESTRICTED NET ASSETS

Restricted net assets reflect that portion of total net assets legally or contractually segregated for a specific future use. The following amounts represent restricted net assets at June 30, 2014:

Cash and temporary investments	
Debt service and debt service reserve funds	\$2,740,575
Repair and replacement funds	209,120
Capacity improvement funds	1,437,540
Construction funds	1,058,146
Accrued interest	<u>(145,261)</u>
Total	<u><u>\$5,300,120</u></u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Utility Board is in the construction phase of various water and sewer projects with estimated costs of approximately \$5.4 million. Costs incurred through June 30, 2014 amount to approximately \$1.0 million. The projects are being financed with the proceeds from bond issuances and by a West Virginia Infrastructure and Jobs Development Council grant award.

The Utility Board anticipates receiving a grant of approximately \$9.5 million from the West Virginia Water Development Authority to offset costs related to the Tuscowilla Treatment Plant Upgrade Project. The Utility Board expects to use the grant proceeds to reduce bond debt associated with constructing the upgrade.

Charles Town Utility Board
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 12 - RESTATEMENT OF BEGINNING NET POSITION - BOND ISSUANCE COSTS

In accordance with the Utility Board's adoption of GASB Statement No. 65, bond issuance costs, excluding those related to prepaid insurance costs, are expensed as incurred. Pursuant to the adoption of this statement, unamortized bond issuance costs that were incurred and capitalized in prior years were written-off as an adjustment to beginning net position as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Beginning net position as originally stated	\$ 3,858,899	\$ 4,595,161	\$ 8,454,060
Cumulative adjustment - adoption of GASB Statement No. 65	<u>(687,911)</u>	<u>(678,422)</u>	<u>(1,366,333)</u>
Beginning net position as restated	<u><u>\$ 3,170,988</u></u>	<u><u>\$ 3,916,739</u></u>	<u><u>\$ 7,087,727</u></u>

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For 2014, the Utility Board implemented Governmental Accounting Standards Board (GASB) Statement No. 65 Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). These changes were incorporated in the Utility Board's 2014 financial statements and as previously mentioned in Note 12, created the need for a restatement of beginning balances.

**CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through ID Number	Federal Expenditures
<u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed through the West Virginia Environmental Protection Agency Capitalization Grants for Clean Water State Revolving Funds	66.458	09DWTRFA066	<u>\$ 4,386,230</u>
Total Federal Awards Expenditures			<u><u>\$ 4,386,230</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CHARLES TOWN UTILITY BOARD
JEFERRSON COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the Utility Board's federal award programs. The schedule has been prepared on the cash basis of accounting.



428 Second St.
Marietta, OH 45750
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Parkersburg, WV 26101
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740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

March 20, 2015

Charles Town Utility Board
Jefferson County
832 South George Street
Charles Town, West Virginia 25414

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Charles Town Utility Board, a component unit of the Municipality of Charles Town, Jefferson County, West Virginia, (the Utility Board) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Utility Board's basic financial statements and have issued our report thereon dated March 20, 2015 wherein we qualified our opinion because the Utility Board elected not to record OPEB liability and expense as of and for the year ended June 30, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Utility Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Utility Board's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Utility Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



Compliance and Other Matters

As part of reasonably assuring whether the Utility Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Management's Response to Findings

Management's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit Management's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Utility Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Utility Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

March 20, 2015

Charles Town Utility Board
Jefferson County
832 South George Street
Charles Town, West Virginia 25414

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the **Charles Town Utility Board's**, a component unit of the Municipality of Charles Town, Jefferson County, West Virginia (the Utility Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Board's major federal program.

Management's Responsibility

The Utility Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Utility Board's compliance for the Utility Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Utility Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Utility Board's major program. However, our audit does not provide a legal determination of the Utility Board's compliance.

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
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Opinion on the Major Federal Program

In our opinion, the Utility Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The Utility Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Utility Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #66.458 – Capitalization Grants for Clean Water State Revolving Funds
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2014-001

Material Weakness

OPEB Liability

The Utility Board has elected not to record the 2014 OPEB expense that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America. If the OPEB expense was recorded, OPEB liability would increase \$15,322, and net position would decrease by \$15,322 as of June 30, 2014. Additionally, expenses would increase by \$15,322 for the year ending June 30, 2014. In addition the Utility Board has elected not to record previous periods OPEB expense that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America. If the previous OPEB expense was recorded the OPEB liability would be \$625,191 as of June 30, 2014.

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2014-001 (CONTINUED)

Management's Response - The Charles Town Utility Board acknowledges that the financial statements have the OPEB departure. For the audit period, this utility was regulated by the West Virginia Public Service Commission (WV PSC) and their policy is to disallows the unpaid OPEB. Going forward, the Utility Board is likely to be no longer regulated by the WV PSC and this liability will be reviewed and evaluated to determine compliance with generally accepted accounting principles.

3. FINDINGS FOR FEDERAL AWARDS

None.

CHARLES TOWN UTILITY BOARD
JEFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	OPEB Liability	No	Repeated as Finding 2014-001

APPENDIX D
FORMS OF OPINIONS OF BOND COUNSEL

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

(Form of Opinion of Bond Counsel for the Series 2015 A Bonds)

November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

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 \$2,750,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified) (the “Series 2015 A Bonds”).

The Series 2015 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 of the West Virginia Code of 1931, as amended (the “Act”), and a Bond Ordinance duly enacted by the Issuer on August 17, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (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 2015 A Bonds are issued in fully registered form, are dated November 19, 2015, upon original issuance, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2016, as set forth in the Ordinance.

The Series 2015 A Bonds maturing on and after December 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after December 1, 2021, in whole at any time or in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

The Ordinance provides that the Series 2015 A Bonds are issued for the purposes, along with other funds of the Issuer available therefore, of: (i) financing the cost to currently refund the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000 (the "Series 2002 C Bonds"); (ii) paying the premium for a municipal bond debt service reserve insurance policy through Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") (the "Series 2015 A Reserve Policy") to fund the Series 2015 A Bonds Reserve Account; (iii) paying the premium for a municipal bond insurance policy (the "Series 2015 A Insurance Policy") through BAM to secure the payment of principal of and interest on the Series 2015 A Bonds; and (iv) paying certain costs of issuance of the Series 2015 A Bonds and related costs.

The Series 2015 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated October 20, 2015, 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 Certificate, the Prepayment 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 Certificate, the Prepayment 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 Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 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 Certificate and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 A Bonds, and has issued and delivered the Series 2015 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 Certificate and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2015 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458; (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000; (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000; (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000; (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192; (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977; (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000; (16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900; (17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000; (18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000; (19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000; and (20) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), dated November 19, 2015, issued concurrently herewith in the original aggregate principal amount of \$4,355,000.

The Series 2015 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 2002 C 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 2002 C 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 2015 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 2015 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 2015 A Bonds. Prospective purchasers of the Series 2015 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 2015 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 2015 A Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (the "Tax Covenants"). Failure to comply with such Tax Covenants could cause the interest on the Series 2015 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2015 A Bonds.

The par amount of the Series 2015 A Bonds equal to \$2,650,000 are "deemed designated" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Issuer has designated the remaining par amount of the Series 2015 A Bonds equal to \$100,000 as "Qualified Tax-Exempt Obligations" for purposes of paragraph 3 of Section 265(b)(3) of the Code and has covenanted that not more than \$10,000,000 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 Series 2015 A Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, 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 2015 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2015 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 Series 2015 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 2015 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 A Bonds and the enforceability of the Series 2015 A Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, 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 2015 A Bonds.

We have examined the executed and authenticated Series 2015 A Bonds of said issue, and in our opinion, said Series 2015 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

(Form of Opinion of Bond Counsel for the Series 2015 B Bonds)

November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the City of Charles Town, West Virginia (the “Issuer”) of its \$4,355,000 aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the “Series 2015 B Bonds”).

The Series 2015 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the “Act”), and a Bond Ordinance duly enacted by the Issuer on August 17, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (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 2015 B Bonds are issued in fully registered form, are dated November 19, 2015, 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, 2016, as set forth in the Ordinance.

The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time or in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

The Ordinance provides that the Series 2015 B Bonds are issued for the purposes, along with other funds of the Issuer available therefore, of: (i) financing the cost to currently refund the Issuer's 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 ("Series 2009 A Bonds"); (ii) paying the premium for a municipal bond debt service reserve insurance policy through Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") (the "Series 2015 B Reserve Policy") to fund the Series 2015 B Bonds Reserve Account; (iii) paying the premium for a municipal bond insurance policy (the "Series 2015 B Insurance Policy") through BAM to secure the payment of principal of and interest on the Series 2015 B Bonds; and (iv) paying certain costs of issuance of the Series 2015 B Bonds and related costs.

The Series 2015 B Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated October 20, 2015, 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 Certificate, the Prepayment 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 Certificate, the Prepayment 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 Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 B 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 Certificate and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 B Bonds, and has issued and delivered the Series 2015 B 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 Certificate and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2015 B 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 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458; (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000; (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000; (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000; (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192; (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977; (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000; (16) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900; (17) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000; (18) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000; (19) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000; and (20) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), dated November 19, 2015, issued concurrently herewith in the original aggregate principal amount of \$2,750,000.

The Series 2015 B 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 2009 A 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 2009 A 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 2015 B 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 2015 B 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 2015 B Bonds. Prospective purchasers of the Series 2015 B 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 2015 B 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 2015 B Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (the "Tax Covenants"). Failure to comply with such Tax Covenants could cause the interest on the Series 2015 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2015 B Bonds.

The par amount of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2009 A Bonds on the date the Series 2009 A Bonds are defeased with proceeds of the Series 2015 B Bonds are "deemed designated" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Issuer has designated the remaining par amount of the Series 2015 B Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph 3 of Section 265(b)(3) of the Code and has covenanted that not more than \$10,000,000 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 Series 2015 B Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, 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 2015 B Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2015 B 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 Series 2015 B 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 2015 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 B Bonds and the enforceability of the Series 2015 B Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, 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 2015 B Bonds.

We have examined the executed and authenticated Series 2015 B Bonds of said issue, and in our opinion, said Series 2015 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Certificate”) is made by the City of Charles Town, West Virginia (the “City”). By the terms of Ordinances enacted by the Council of the City on August 17, 2015, as supplemented by Supplemental Parameters Resolutions adopted by the Council of the City on September 21, 2015 (collectively, the “Ordinances”), the City authorized the issuance of its \$2,750,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified (the “Series 2015 A Bonds”) and its \$4,355,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the “Series 2015 B Bonds” and together with the Series 2015 A Bonds, collectively, the “Series 2015 Bonds”). The Series 2015 Bonds were sold pursuant to the terms of a Bond Purchase Agreement dated October 20, 2015, by and between the Crews & Associates, Inc. (the “Underwriter”) and the City (the “Purchase Agreement”). The parties agree as follows:

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

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

“Annual Financial Information” means, collectively, the Financial Information and Operating Data as herein defined.

“Audited Financial Statements” means the annual financial statements with respect to the System, whether included in the annual financial statements of the City or prepared solely with respect to the System, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or the Office of the Auditor of the State of West Virginia.

“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 then current City Manager of the City.

“Dissemination Agent” shall initially mean the City, or any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the City and which has filed with the City 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.

“Financial Information” means the Audited Financial Statements for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the System for the most recent fiscal year, with the Audited Financial Statements for such fiscal year to be provided when available.

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

“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.

“Operating Data” shall mean the information regarding the System for the most recent fiscal year, as well as the four (4) immediately prior fiscal years, as reflected in the “Form of Filing of Operating Data” attached hereto as Exhibit B. The City may amend and/or modify the Form of Filing of Operating Data one or more times prior to the maturity of the Bonds if such amendment or modification, in the reasonable opinion of the City, provides either more information, or additional clarity with respect to information being provided, regarding the System.

“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 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of West Virginia.

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

“System” shall mean the combined waterworks and sewerage system of the City as of the date of this Certificate, and all future additions, extensions and betterments thereto.

SECTION 3. Provision of Annual Financial Information.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the last day of the fiscal year (presently June 30) immediately following the end of the City’s fiscal year (presently June 30) for which disclosure is due (the “Due Date”), commencing with the Fiscal Year ending June 30, 2015, provide to EMMA the Annual Financial Information which is consistent with the requirements of this Certificate. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate. The City shall provide the Dissemination Agent with a copy of the Annual Financial Information to be filed under this Certificate. If the City’s fiscal year changes, the City 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 City sixty (60) days prior to the Due Date of the Annual Financial Information that such information is due by the Due Date. Such notice from the Dissemination Agent shall include notification to the City of any prior fiscal years for which Annual Financial Information is due.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the City shall provide the Annual Financial Information to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received all, or any portion of, the Annual Financial Information, the Dissemination Agent shall contact the City to determine if the City is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA all, or any portion of, the Annual Financial Information by the date required in subsection (a), the Dissemination Agent shall (i) file with EMMA any portion of the Annual Financial Information which the City has provided, and (ii) send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the City certifying that the Annual Financial Information has been provided to EMMA pursuant to this Certificate and the date provided.

SECTION 4. Content of Annual Financial Information. The Annual Financial Information shall include the Financial Information and the Operating Data, as defined in this Certificate.

Any or all of the items comprising the Annual Financial Information may be included by specific reference to other documents, including official statements of debt issues of the City secured by the revenues of the System, which have been submitted to EMMA 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 City 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 City shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the security;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership, or similar event of the City¹;
13. the consummation of a merger, consolidation or acquisition involving the City, or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

¹ For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(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 City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the City determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the City received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the City shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the City determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the City 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 City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the City. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

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

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

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the City and the Dissemination Agent may amend this Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City) and any provision of this Certificate may be waived (and the Dissemination Agent shall agree to any waiver so requested by the City), if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the City and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in, or official interpretation of, the Rule.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or notice of occurrence of any of the Listed Events in addition to that which is specifically

required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or notice of occurrence of any of the Listed Events.

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the City 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 attorney's 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 City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the City, 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 13. Fees. The City 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 14. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the City.

SECTION 15. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Certificate and to rely upon an opinion of counsel.

[The remainder of this page intentionally left blank.]

IN WITNESS THEREOF, the City has caused this Certificate to be executed by its duly authorized representative this ____ day of _____, 2015.

CITY OF CHARLES TOWN

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: \$2,750,000 City of Charles Town Combined Waterworks and Sewerage System
Revenue Refunding Bonds, Series 2015 A (Bank-Qualified)

\$4,355,000 City of Charles Town Combined Waterworks and Sewerage System
Revenue Refunding Bonds, Series 2015 B (Bank-Qualified)

Date of Issuance: _____, 2015

Notice is hereby given that the City has not provided all [or a portion of] the Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed in connection with the above-referenced bond issue. [The portion of the Annual Financial Information which the City has not provided is _____.] The City anticipates that the Annual Financial Information, [or remaining Annual Financial Information, will be filed by _____, 20__.

Dated this _____.

CITY OF CHARLES TOWN, as Dissemination Agent

Authorized Representative

EXHIBIT B

FORM OF FILING OF OPERATING DATA

(This Form Utilizes the Fiscal Year ended June 30, 2014 for Illustrative Purposes Only)

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: \$2,750,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 2015 A (Bank-Qualified)

\$4,355,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 2015 B (Bank-Qualified)

Date of Issuance: _____, 2015

Operating Data
For Fiscal Year Ending: June 30, 20__

In compliance with the requirements of the Continuing Disclosure Certificate executed by the City of Charles Town (West Virginia) in conjunction with the above-referenced bonds, the following Operating Data with respect to the System is provided for the above-stated fiscal year and, where noted, for the four (4) immediately preceding fiscal years.

SYSTEM OPERATING DATA

Debt Service Coverage

The Audited Financial Statements for the fiscal year ended June 30, 20__ with respect to the System which have been, or will be, filed as part of the Annual Financial Information include a calculation of debt service coverage, which is incorporated herein by reference.

Total Customers in Communities Served for Fiscal Year Ended June 30, 2014

	Customers <u>At Year End</u>	Population <u>Served</u>
Charles Town	2,255	5,592
Ranson	1,095	2,672
Jefferson County	<u>1,924</u>	<u>4,887</u>
Total	5,274	13,151

Customer Statistics

The average number of System customers for the past five Fiscal Years are as follows:

<u>Fiscal Year (ending June 30)</u>	<u>Water Customers</u>	<u>Sewer Customers (Charles Town Only)</u>
2010	5,237	2,909
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted) for the past five Fiscal Years

<u>Fiscal Year (June 30)</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2010	367,021	1,575	368,596
2011	375,332	1,700	377,032
2012	384,393	1,339	385,732
2013	377,840	1,297	379,137
2014	380,190	985	381,175

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, 2015.

Customer	Consumption Gallons	Revenue
PNGI CT GAMING	50,039,000	\$192,591
HOLIDAY INN EXPRESS	4,123,000	\$23,565
WILLOW TREE MANOR	3,609,000	\$21,453
PNGI CT GAMING	3,498,000	\$13,526
HAMPTON INN	3,471,700	\$20,953
APPLE TREE GARDEN APTS	2,920,100	\$24,374
UNIWEST CAR WASH LLC	2,387,000	\$14,214
CHARLES TOWERS ASSOC	2,186,000	\$20,526
JEFFERSON MEMORIAL	2,124,000	\$12,881
GANTT MILLER	2,020,000	\$20,067

The following tables set forth the **ten largest customers of each respective sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2015.

SEWER - City of Charles Town

Customer	Consumption Gallons	Revenue
WILLOW TREE MANOR	3,649,000	\$25,995
CHARLES TOWER ASSOC	2,057,500	\$23,457
GANTT MILLER	1,780,000	\$22,589
JEFFERSON CO BOARD OF ED	1,340,000	\$15,439
WHALE OF A WASH	1,155,600	\$8,574
UNITED BANK	751,100	\$5,748
WENDYS	518,400	\$4,103
JEFFERSON CO BOARD OF ED	506,200	\$3,938
MIRTA QSR KNE LLC	451,700	\$3,650
FRITTS RUSSEL J	424,000	\$4,054

SEWER - Willow Spring

Customer	Consumption Gallons	Revenue
WILLOW SPRING FARM APTS 2	1,369,000	\$15,790
SPARTI LLC	1,225,400	\$14,121
RUBY TUESDAYS	1,192,000	\$13,737
WEST RIDGE INN	1,180,000	\$13,599
WILLOW SPRING FARM APTS 3	1,160,000	\$13,944
CT LMTD PART. 6	897,300	\$10,348
GOLDS GYM	766,900	\$8,848
WILLOW SPRING FARM APTS 1	730,000	\$11,667
SHEETZ	697,100	\$8,144
WILLOW SPRING FARM APTS 5	667,800	\$10,004

SEWER - Sanitary Assc.

Customer	Consumption Gallons	Revenue
WALMART	1,615,200	\$11,554
SPRING RUN APTS	1,233,000	\$10,789
LAUNDRY HOUSE	762,000	\$5,611
CHINA FORTUNE	454,700	\$3,452
PATRICK HENRY APTS 6	257,600	\$2,839
PATRICK HENRY APTS 5	210,600	\$2,839
PATRICK HENRY APTS 2	182,900	\$2,271
PATRICK HENRY APTS 1	153,300	\$2,271
PATRICK HENRY APTS 4	150,700	\$2,839
PATRICK HENRY APTS 3	134,800	\$1,420

APPENDIX F
FORMS OF ORDINANCES

**CITY OF CHARLES TOWN
(WEST VIRGINIA)**

**COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED)**

CONFORMED BOND ORDINANCE

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EXHIBIT A

A-1 FORM OF SERIES 2015 A BONDS

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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 REVENUE BONDS, SERIES 2002 C 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 2015 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$3,500,000; 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 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 Revenue Bonds, Series 2002 C (Insured), dated

December 20, 2012, issued in the original aggregate principal amount of \$4,135,000 (the "Series 2002 C Bonds");

WHEREAS, the Series 2002 C Bonds were issued to finance a portion of the acquisition and construction of certain additions, betterments to the System, including the acquisition of the waterworks and sewerage system of Tuscawilla Utilities, Inc., serving Tuscawilla Hills and Locust Hills and the acquisition of certain additions and improvements to the waterworks system located near old U.S. Route 340 in the southern portion of the corporate limits of the Issuer, including water main and a water storage tank and all necessary appurtenances.

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 2002 C Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2002 C Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, in the original aggregate principal amount of not more than \$3,500,000 (the "Series 2015 A Bonds"), such Series 2015 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 2015 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 2015 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, if any, which shall insure all or any portion of the payment of principal of and interest on the Series 2015 A Bonds, the Series 2015 B Bonds or 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 2015 A Bonds, the Series 2015 B 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 2015 A Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 A BONDS, 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 2015 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 2015 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 2015 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in

the Series 2015 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 2015 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 2015 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 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 2015 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, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2009 A Bonds (if not refinanced with the proceeds of the Series 2015 B Bonds, as hereinafter defined and described), Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds,

"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 2015 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 2015 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 2015 A Bonds are privately placed, the price paid by the first buyer of the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds, the Series 2015 B 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 2015 A Bonds, the Series 2015 B Bonds and the Prior Bonds.

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

"Series 1987 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629.

"Series 1988 B-1 Bonds" means the Issuer's 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.

"Series 1988 B-2 Bonds" means the Issuer's 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.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480.

"Series 1998 Bonds" means the Issuer's 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.

"Series 2000 A Bonds" means the Issuer's 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.

“Series 2002 A Bonds” means the Issuer’s 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.

“Series 2002 B Bonds” means the Issuer’s 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.

“Series 2002 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000.

“Series 2009 A Bonds” means the Issuer’s 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.

“Series 2010 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458.

“Series 2010 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000.

“Series 2010 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000.

“Series 2010 D Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000.

“Series 2011 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192.

"Series 2013 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977.

"Series 2013 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000.

“Series 2014 A Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900.

“Series 2014 C Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000.

“Series 2014 D Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000.

“Series 2014 E Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000.

“Series 2015 B Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, of the Issuer, to be issued contemporaneously with the Series 2015 A Bonds in the principal amount of not more than \$5,500,000, for the purpose of refinancing the Issuer’s Series 2009 A Bonds.

“Series 2015 B Ordinance” means the Ordinance of the Issuer enacted on August 17, 2015, as supplemented, authorizing the issuance of the Series 2015 B Bonds.

"Series 2015 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2015 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2015 A Bonds Redemption Account" means the Series 2015 A Bonds Redemption Account established in the Series 2015 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 A Bonds Reserve Account" means the Series 2015 A Bonds Reserve Account established in the Series 2015 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2015 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2015 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2015 A Bonds.

"Series 2015 A Bonds Sinking Fund" means the Series 2015 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2015 A Bonds, the Series 2015 B 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 2015 A Bonds and authorizing the sale of the Series 2015 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, the Series 2015 A Bonds or the Series 2015 B 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 2015 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 2002 C 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 2002 C Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), in the original aggregate principal amount of not more than \$3,500,000, in order to pay in full the remaining principal balance of and all accrued interest on the Issuer's Series 2002 C Bonds. The proceeds of the Series 2015 A Bonds may also be applied to funding the Series 2015 A Bonds Reserve Account, the payment of the premium for a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, 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 2015 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 2015 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 2015 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 2015 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 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 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 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") (if, for any reason, the Series 2015 B Bonds are not issued contemporaneously with the Series 2015 A Bonds and the Series 2009 A Bonds remain outstanding and have not been defeased as of the date of issuance of the Series 2015 A Bonds);
10. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");

11. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");
12. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");
13. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");
14. Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");
15. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");
16. Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");
17. Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the "Series 2014 A Bonds");
18. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");
19. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds"); and
20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in

the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds").

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2009 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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 2015 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 2015 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, if required, of the Registered Owners of the Prior Bonds to the issuance of the Series 2015 A Bonds on a parity with the Prior Bonds. The Series 2009 A Bonds and Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds do not require consent.

Other than the Prior Bonds and the Series 2015 B Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2015 A Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2015 A Bonds, the Series 2015 A Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Series 2015 B Bonds and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2015 A Bonds, the Series 2015 B Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2015 A Bonds, the Series 2015 B 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 2015 A Bonds, and secure the Series 2015 A Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2015 A Bonds Reserve Account, unexpended proceeds of the Series 2015 A Bonds and as further set forth herein.

J. The Series 2015 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 – FORM OF SERIES 2015 A BONDS, 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 2015 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 2015 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2015 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 2015 A Bonds, the refunding of the Series 2002 C Bonds or will have so complied prior to issuance of any thereof.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2015 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 2015 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2015 A Bond and any other Series 2015 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDINGS

Section 2.01. Authorization of Refundings. All Series 2002 C Bonds Outstanding as of the date of issuance of the Series 2015 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 2002 C Bonds imposed by the Prior

Ordinance authorizing the issuance of the Series 2002 C Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 2002 C Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 2002 C Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2002 C Bonds. Contemporaneously with the payment in full of the Series 2002 C Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2002 C Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 2002 C Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2015 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2015 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 2015 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 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 2015 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 2015 A Bonds shall be in default, Series 2015 A Bonds issued in exchange for Series 2015 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 2015 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 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 2015 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 2015 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 2015 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 2015 A Bond in the principal amount of said Series 2015 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 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 2015 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 2015 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 2015 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 2015 A BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 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 2015 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2015 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 2015 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 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 2015 A Bonds, shall be conclusively deemed to have agreed that such Series 2015 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 2015 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 A Bonds. The Series 2015 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 2015 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 2015 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 2015 A Bond is exercised, Series 2015 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2015 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 A Bonds, the initial exchange of Series 2015 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 2015 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 2015 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2002 C Bonds (along with other funds of the Issuer available therefor), paying the premium for a Municipal Bond Insurance Policy for the Series 2015 A Bonds, if determined to be financially advantageous to the Issuer, funding the Series 2015 A Bonds Reserve Account (or paying the premium for a Municipal Bond Debt Service Reserve Insurance Policy, if determined to be financially advantageous to the Issuer) and paying costs of issuance of the Series 2015 A Bonds and related costs, there shall be issued the Series 2015 A Bonds of the Issuer, in an aggregate principal amount of not more than \$3,500,000. The Series 2015 A Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified)" 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 2015 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2015 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 2015 A Bonds. The Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds. The Issuer shall execute and deliver the Series 2015 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 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 2015 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 2015 A Bonds to DTC for the benefit of the Original Purchaser;
- (3) Copies of this Ordinance and the Supplemental Parameters Resolution certified by the Clerk;

(4) The unqualified approving opinions of Bond Counsel regarding the Series 2015 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 2015 A Bonds. The definitive Series 2015 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 A BONDS 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 2015 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 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 2015 A Bonds. Upon the issuance and delivery of the Series 2015 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2015 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 A Bonds Sinking Fund and applied to payment of interest on the Series 2015 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2015 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 2015 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2015 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2002 C Bonds as set forth in the Supplemental Resolution, less any monies available at the Bond Commission for payment of the Series 2002 C Bonds, shall be remitted to the Bond Commission to pay the Series 2002 C Bonds in full.

4. An amount of Series 2015 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2015 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 2015 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 2015 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 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 2015 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) Operation and Maintenance Fund (established by the Prior Ordinances);
- (3) Renewal and Replacement Fund (established by the Prior Ordinances);
- (4) Series 2015 A Bonds Costs of Issuance Fund; and
- (5) 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 1987 B Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 1987 B Bonds Reserve Account (established by Prior Ordinances);
- (3) Series 1988 B-1 Bonds Sinking Fund (established by Prior Ordinances);
- (4) Series 1988 B-1 Bonds Reserve Account (established by Prior Ordinances);
- (5) Series 1988 B-2 Bonds Sinking Fund (established by Prior Ordinances);
- (6) Series 1988 B-2 Bonds Reserve Account (established by Prior Ordinances);
- (7) Series 1989 B Bonds Sinking Fund (established by Prior Ordinances);
- (8) Series 1989 B Bonds Reserve Account (established by Prior Ordinances);

- (9) Series 1998 Bonds Sinking Fund (established by Prior Ordinances);
- (10) Series 1998 Bonds Reserve Account (established by Prior Ordinances);
- (11) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);
- (12) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);
- (13) Series 2002 A Bonds Sinking Fund (established by Prior Ordinances);
- (14) Series 2002 A Bonds Reserve Account (established by Prior Ordinances);
- (15) Series 2002 B Bonds Sinking Fund (established by Prior Ordinances);
- (16) Series 2002 B Bonds Reserve Account (established by Prior Ordinances);
- (17) Series 2009 A Bonds Sinking Fund (if not defeased with proceeds of the Series 2015 B Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);
- (18) Series 2009 A Bonds Reserve Account (if not defeased with proceeds of the Series 2015 B Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);
- (19) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);
- (20) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);
- (21) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);
- (22) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);
- (23) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);
- (24) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);
- (25) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);
- (26) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);
- (27) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);
- (28) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);

- (30) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);
- (31) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);
- (32) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);
- (33) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);
- (34) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);
- (37) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);
- (38) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);
- (39) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);
- (40) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);
- (41) Series 2015 A Bonds Sinking Fund;
- (42) Series 2015 A Bonds Reserve Account;
- (43) Series 2015 B Bonds Sinking Fund (unless the Series 2015 B Bonds are not issued contemporaneously herewith); and
- (44) Series 2015 B Bonds Reserve Account (unless the Series 2015 B Bonds are not issued contemporaneously herewith).

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2015 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 and the Series 2015 B Ordinance to pay the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2009 A Bonds (if not defeased), Series 2010 A Bonds, Series 2010 B Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds and Series 2015 B Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 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 2015 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 2015 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 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 and the Series 2015 B Bonds the amounts required by the Prior Ordinances and the Series 2015 B Ordinance to pay the principal of the Prior Bonds and the Series 2015 B Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Sinking Fund and in the Series 2015 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 2015 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2015 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 2015 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 2015 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 2015 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2015 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2015 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 A Bonds when the funds on deposit in the Series 2015 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 2015 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2015 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2015 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 2015 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 2015 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 respective Reserve Accounts of the Prior Bonds and the Series 2015 B Bonds the amounts required by the Prior Ordinances and the Series 2015 B Ordinance; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2015 A Bonds, if not fully funded upon issuance of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 A Bonds Reserve Requirement;

provided, that no further payments shall be made into the Series 2015 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 2015 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2015 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 A Bonds Reserve Account below the Series 2015 A Bonds Reserve Requirement or any withdrawal from the Series 2015 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 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 2015 A Bonds Reserve Account is less than the Series 2015 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 A Bonds Reserve Account for deposit into the Series 2015 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 2015 A Bonds Reserve Account to an amount equal to the Series 2015 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2015 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 2015 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 2015 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2015 A Bonds Reserve Requirement.

Amounts in the Series 2015 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 A Bonds when due, when amounts in the Series 2015 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 2.5% 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 and the Series 2015 B Ordinance, so long as the Prior Bonds and the Series 2015 B 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 any 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 2015 A Bonds, the Series 2015 B 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 2015 A Bonds in such manner and to such extent as may be necessary, so that such Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2015 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 2015 A Bonds Sinking Fund and the Series 2015 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2015 A Bonds, all as herein provided. No Holder or Holders of the Series 2015 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2015 A Bonds or the interest thereon.

Section 6.03. Series 2015 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds and the Series 2015 B Bonds. The payment of the debt service of all of the Series 2015 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 and the Series 2015 B Bonds. 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 2015 A Bonds herein authorized, and to make the payments into the Series 2015 A Bonds Sinking Fund all moneys and securities in the Series 2015 A Bonds Sinking Fund, including the Series 2015 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, the Series 2015 A Bonds and the Series 2015 B 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 2015 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 2015 A Bonds, and all obligations issued on a parity with the Series 2015 A Bonds, including the Prior Bonds and the Series 2015 B 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 120 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 for the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances and the Series 2015 B Ordinance. Additionally, so long as the Series 2015 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 Outstanding, or to defease the pledge created by this Ordinance, the Prior Ordinances and the Series 2015 B Ordinance. 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 \$500,000, 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 \$500,000 but not in excess of \$5,000,000, 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 \$500,000 and not in excess of \$5,000,000, 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 \$5,000,000 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 2015 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 2015 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2015 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 and the Series 2015 B Ordinance 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 Series 2015 B Bonds or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 and Series 2015 B Bonds then Outstanding;
- (2) The Series 2015 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 2015 A Bonds, the Series 2015 B 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 2015 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 2015 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 2015 A Bonds, the Series 2015 B 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. 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 2015 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 2015 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' 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. WORKERS' 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 also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants.

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 ordinance 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 2015 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 2015 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 2015 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 2015 A Bonds during the terms thereof is, under the terms of such Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 the Series 2015 B Bonds.

Section 6.18. RESERVED

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 2015 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 2015 B Bonds, the Prior Ordinances or the Series 2015 B Ordinance.

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;

(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

(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.

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 2015 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 2015 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 2015 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 2015 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 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 2015 A Bonds, the first exchange of Series 2015 A Bonds and the exchange of Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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. 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 2015 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 2015 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 2015 A Bonds so authenticated, and, in case any Series 2015 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2015 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Bond Commission shall serve as Paying Agent. The Registrar and Depository Bank shall be designated by Supplemental Resolution. 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 2015 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 2015 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 2015 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 2015 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 2015 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2015 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 2015 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 2015 A Bonds, provided that, in the event any of the Series 2015 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2015 A Bonds or the rights of the applicable Bond Insurer for such Series 2015 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 (i) the Registered Owners of 60% in aggregate principal amount of the Series 2015 A Bonds then Outstanding and affected thereby, or (ii) the Bond Insurer. 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 2015 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2015 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 2015 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2015 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 2015 A Bonds. All Series 2015 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 2015 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2015 A Bonds shall be issued in lieu thereof. All such Series 2015 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 2015 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 2015 A Bonds which remain unclaimed for 1 year after the date on which such Series 2015 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 2015 A Bonds shall look only to the Issuer for the payment of such Series 2015 A Bonds.

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

PAYING AGENT:

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, West Virginia
Attention: Director

REGISTRAR:

[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 2015 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 2015 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 2015 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 2015 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 and the Series 2015 B Ordinance shall remain in full force and effect so long as any of the Prior Bonds and the Series 2015 B 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 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.

[Remainder of Page intentionally Left Blank]

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

First Reading: July 6, 2015

Second Reading: July 20, 2015

Passed on Final Reading
Following Public
Hearing: August 17, 2015

Enacted this 17th day of August, 2015.

CITY OF CHARLES TOWN

[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 7:00 p.m., on August 17, 2015, 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.

[SEAL]

City Clerk

EXHIBIT A-1 – FORM OF SERIES 2015 A BONDS

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 2015 A (BANK QUALIFIED)

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 2015 A (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 2002 C Bonds, (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the repayment of principal of and interest on the Series 2015 B Bonds;] (iii) to fund the Series 2015 A Bonds Reserve Account [to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 A Reserve Account], and (ix) to pay certain costs of issuance of the Series 2015 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015, (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:

<u>Period During Which Redeemed</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____ 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 () _____	_____ <u>Principal Amount</u>
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Bonds Maturing

_____ Year () _____	_____ <u>Principal Amount</u>
----------------------	-------------------------------

* 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 2015 A BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 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");]
10. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, [SERIES 2009 A BONDS], SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS

AND THE SERIES 2015 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 A BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED) , DATED _____, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2015 B BONDS").

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 the Series 2015 B Bonds and from moneys in the Series 2015 A Bonds Sinking Fund and the Series 2015 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 2015 A Bonds Sinking Fund and the Series 2015 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 and the Series 2015 B 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 Series 2015 A Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 2002 C Bonds, [purchase a Municipal Bond Insurance Policy for the Series 2015 A Bonds] [fund a reserve account - purchase a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 A Bonds,] and pay costs of issuance of the Series 2015 A 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 Series 2015 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this 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: _____, 20____.

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: _____, 20____.

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
(WEST VIRGINIA)**

**COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED)**

CONFORMED BOND ORDINANCE

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EXHIBIT A

A-1 FORM OF SERIES 2015 B BONDS

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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 2009 A 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 2015 B OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$5,500,000; 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 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 2009 A (Tax-

Exempt), dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 (the "Series 2009 A Bonds");

WHEREAS, the Series 2009 A Bonds were issued to refund the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1988, dated May 15, 1988, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1998 Bonds"). The Series 1998 Bonds advance refunded the following as part of combining the water and sewer systems:

(i) Sewer Revenue Refunding Bonds, Series 1972, dated December 1, 1972, issued in the original aggregate principal amount of \$555,000 (the "Series 1972 Sewer Bonds") which refunded the Sewer Revenue Bonds, Series 1972, dated June 1, 1970, issued in the original aggregate principal amount of \$610,000;

(ii) Sewer Revenue Bonds, Series 1988 A, dated May 4, 1988, issued in the original aggregate principal amount of \$1,183,663 (the "Series 1988 A Sewer Bonds");

(iii) Water Revenue Bonds, Series 1961, dated April 1, 1961, issued in the original aggregate principal amount of \$525,000 (the "Series 1961 Water Bonds");

(iv) Water Refunding Revenue Bonds, Series 1977, dated April 1, 1977, issued in the original aggregate principal amount of \$1,315,000 (the "Series 1977 Water Bonds") which refunded the Water Revenue Bonds, Series 1975, dated April 1, 1975, issued in the original aggregate principal amount of \$1,210,000;

(v) Water Revenue Bonds, Series 1987 A, dated November 18, 1987, issued in the original aggregate principal amount of \$1,686,371 (the Series 1987 Water Bonds");

(vi) Water Revenue Bonds, Series 1988 A, dated May 20, 1988, issued in the original aggregate principal amount of \$2,232,000 (the Series 1988 A Water Bonds");

(vii) Water Revenue Bonds, Series 1989 A, dated April 13, 1989, issued in the original aggregate principal amount of \$792,520.01 (the Series 1989 A Water Bonds"); and

(viii) Municipal Lease-Purchase Agreement dated September 17, 1996, in the original amount of \$595,976 (the "Water Meter Lease").

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 2009 A Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2009 A Bonds should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, in the original aggregate principal amount of not more than \$5,500,000 (the "Series 2015 B Bonds"),

such Series 2015 B 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 2015 B 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 2015 B 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, if any, which shall insure all or any portion of the payment of principal of and interest on the Series 2015 B Bonds, the Series 2015 A Bonds or 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 2015 B Bonds, the Series 2015 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 2015 B Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 B BONDS, 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 2015 B 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 2015 B 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 2015 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2015 B 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 2015 B 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 2015 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 B 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 2015 B 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, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds (if not refinanced with the proceeds of the Series 2015 A Bonds, as hereinafter defined and described), Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds,

"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 2015 B 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 2015 B 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 2015 B Bonds are privately placed, the price paid by the first buyer of the Series 2015 B 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 2015 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds, the Series 2015 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 2015 B Bonds, the Series 2015 A Bonds and the Prior Bonds.

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

"Series 1987 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629.

"Series 1988 B-1 Bonds" means the Issuer's 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.

"Series 1988 B-2 Bonds" means the Issuer's 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.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480.

"Series 1998 Bonds" means the Issuer's 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.

"Series 2000 A Bonds" means the Issuer's 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.

"Series 2002 A Bonds" means the Issuer's 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.

"Series 2002 B Bonds" means the Issuer's 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.

"Series 2002 C Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000.

"Series 2009 A Bonds" means the Issuer's 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.

"Series 2010 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458.

“Series 2010 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000.

“Series 2010 C Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000.

“Series 2010 D Bonds” means the Issuer’s Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000.

“Series 2011 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192.

"Series 2013 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977.

"Series 2013 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000.

“Series 2014 A Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900.

“Series 2014 C Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000.

“Series 2014 D Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000.

“Series 2014 E Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000.

“Series 2015 A Bonds” means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, of the Issuer, to be issued contemporaneously with the Series 2015 B Bonds in the principal amount of not more than \$3,500,000, for the purpose of refinancing the Issuer’s Series 2002 C Bonds.

"Series 2015 A Ordinance" means the Ordinance of the Issuer enacted on August 17, 2015, as supplemented, authorizing the issuance of the Series 2015 A Bonds.

"Series 2015 B Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2015 B Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2015 B Bonds Redemption Account" means the Series 2015 B Bonds Redemption Account established in the Series 2015 B Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 B Bonds Reserve Account" means the Series 2015 B Bonds Reserve Account established in the Series 2015 B Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2015 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2015 B Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2015 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2015 B Bonds.

"Series 2015 B Bonds Sinking Fund" means the Series 2015 B Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2015 B Bonds, the Series 2015 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 2015 B Bonds and authorizing the sale of the Series 2015 B 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, the Series 2015 B Bonds or the Series 2015 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 2015 B 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 2009 A 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 2009 A Bonds.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of not more than \$5,500,000, in order to pay in full the

remaining principal balance of and all accrued interest on the Issuer's Series 2009 A Bonds. The proceeds of the Series 2015 B Bonds may also be applied to funding the Series 2015 B Bonds Reserve Account, the payment of the premium for a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 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 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 20, 2002, issued in the original aggregate principal amount of \$4,135,000 (if, for any reason, the Series 2015 A Bonds are not issued contemporaneously with the Series 2015 B Bonds and the Series 2002 C Bonds remain outstanding and have not been defeased as of the date of issuance of the Series 2015 B Bonds);

10. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 (the "Series 2010 A Bonds");

11. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 (the "Series 2010 B Bonds");

12. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");

13. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");

14. Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");

15. Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013,

issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds");

16. Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 B (Tax-Exempt), dated October 1, 2013, issued in the original aggregate principal amount of \$2,970,000 (the "Series 2013 B Bonds");

17. Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the "Series 2014 A Bonds");

18. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 C (AMT), dated October 31, 2014, issued in the original aggregate principal amount of \$820,000 (the "Series 2014 C Bonds");

19. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 D (Taxable), dated October 31, 2014, issued in the original aggregate principal amount of \$1,445,000 (the "Series 2014 D Bonds"); and

20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2014 E (Bank Qualified), dated October 31, 2014, issued in the original aggregate principal amount of \$1,425,000 (the "Series 2014 E Bonds").

The Series 1987 B Bonds, Series 1988 B-1 Bonds, Series 1988 B-2 Bonds, Series 1989 B Bonds, Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2002 C Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2011 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds Series 2014 A Bonds, Series 2014 C Bonds, series 2014 D Bonds and Series 2014 E 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 2015 B 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 2015 B 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, if required, of the Registered Owners of the Prior Bonds to the issuance of the Series 2015 B Bonds on a parity with the Prior

Bonds. The Series 2002 C Bonds and Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds and Series 2014 E Bonds do not require consent.

Other than the Prior Bonds and the Series 2015 A Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2015 B Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2015 B Bonds, the Series 2015 B Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Series 2015 A Bonds and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2015 B Bonds, the Series 2015 A Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2015 B Bonds, the Series 2015 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 2015 B Bonds, and secure the Series 2015 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2015 B Bonds Reserve Account, unexpended proceeds of the Series 2015 B Bonds and as further set forth herein.

J. The Series 2015 B Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2015 B BONDS, 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 2015 B 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 2015 B Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2015 B 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 2015 B Bonds, the refunding of the Series 2009 A Bonds or will have so complied prior to issuance of any thereof.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2015 B 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 2015 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2015 B Bond and any other Series 2015 B Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDINGS

Section 2.01. Authorization of Refundings. All Series 2009 A Bonds Outstanding as of the date of issuance of the Series 2015 B 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 2009 A Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 2009 A Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 2009 A Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2009 A Bonds. Contemporaneously with the payment in full of the Series 2009 A Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2009 A Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 2009 A Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2015 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2015 B 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 2015 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 B 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 2015 B Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2015 B Bonds shall be in default, Series 2015 B Bonds issued in exchange for Series 2015 B Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2015 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bond in the principal amount of said Series 2015 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 B 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 2015 B Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2015 B 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 2015 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 B 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 2015 B Bonds, shall be conclusively deemed to have agreed that such Series 2015 B 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 2015 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 B Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bond is exercised, Series 2015 B Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2015 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 B Bonds, the initial exchange of Series 2015 B 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 2015 B 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 2015 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2009 A Bonds (along with other funds of the Issuer available therefor), paying the premium for a Municipal Bond Insurance Policy for the Series 2015 B Bonds, if determined to be financially advantageous to the Issuer, funding the Series 2015 B Bonds Reserve Account (or paying the premium for a Municipal Bond Debt Service Reserve Insurance Policy, if determined to be financially advantageous to the Issuer) and paying costs of issuance of the Series 2015 B Bonds and related costs, there shall be issued the Series 2015 B Bonds of the Issuer, in an aggregate principal amount of not more than \$5,500,000. The Series 2015 B Bonds shall be designated the "City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" 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 2015 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2015 B 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 2015 B Bonds. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds. The Issuer shall execute and deliver the Series 2015 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 B 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 2015 B 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 2015 B Bonds to DTC for the benefit of the Original Purchaser;
- (3) Copies of this Ordinance and the Supplemental Parameters Resolution certified by the Clerk;
- (4) The unqualified approving opinions of Bond Counsel regarding the Series 2015 B Bonds; and
- (5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2015 B Bonds. The definitive Series 2015 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 B BONDS 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 2015 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 B 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 2015 B Bonds. Upon the issuance and delivery of the Series 2015 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2015 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 B Bonds Sinking Fund and applied to payment of interest on the Series 2015 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2015 B 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 2015 B Bonds Reserve Account.

3. An amount of the proceeds of the Series 2015 B Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2009 A Bonds as set forth in the Supplemental Resolution, less any monies available at the Bond Commission for payment of the Series 2009 A Bonds, shall be remitted to the Bond Commission to pay the Series 2009 A Bonds in full.

4. An amount of Series 2015 B Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2015 B 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 2015 B 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 2015 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 B Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 B 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 2015 B 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) Operation and Maintenance Fund (established by the Prior Ordinances);
- (3) Renewal and Replacement Fund (established by the Prior Ordinances);
- (4) Series 2015 B Bonds Costs of Issuance Fund; and
- (5) 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 1987 B Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 1987 B Bonds Reserve Account (established by Prior Ordinances);
- (3) Series 1988 B-1 Bonds Sinking Fund (established by Prior Ordinances);
- (4) Series 1988 B-1 Bonds Reserve Account (established by Prior Ordinances);
- (5) Series 1988 B-2 Bonds Sinking Fund (established by Prior Ordinances);
- (6) Series 1988 B-2 Bonds Reserve Account (established by Prior Ordinances);
- (7) Series 1989 B Bonds Sinking Fund (established by Prior Ordinances);
- (8) Series 1989 B Bonds Reserve Account (established by Prior Ordinances);
- (9) Series 1998 Bonds Sinking Fund (established by Prior Ordinances);
- (10) Series 1998 Bonds Reserve Account (established by Prior Ordinances);
- (11) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);
- (12) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);
- (13) Series 2002 A Bonds Sinking Fund (established by Prior Ordinances);
- (14) Series 2002 A Bonds Reserve Account (established by Prior Ordinances);
- (15) Series 2002 B Bonds Sinking Fund (established by Prior Ordinances);
- (16) Series 2002 B Bonds Reserve Account (established by Prior Ordinances);
- (17) Series 2002 C A Bonds Sinking Fund (if not defeased with proceeds of the Series 2015 A Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);
- (18) Series 2002 C Bonds Reserve Account (if not defeased with proceeds of the Series 2015 A Bonds to be issued contemporaneously herewith) (established by Prior Ordinances);

- (19) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);
- (20) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);
- (21) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);
- (22) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);
- (23) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);
- (24) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);
- (25) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);
- (26) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);
- (27) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);
- (28) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);
- (30) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);
- (31) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);
- (32) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);
- (33) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);
- (34) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);
- (37) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);
- (38) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);
- (39) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);
- (40) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);

- (41) Series 2015 A Bonds Sinking Fund (unless the Series 2015 A Bonds are not issued contemporaneously herewith);
- (42) Series 2015 A Bonds Reserve Account (unless the Series 2015 A Bonds are not issued contemporaneously herewith);
- (43) Series 2015 B Bonds Sinking Fund; and
- (44) Series 2015 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2015 B 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 and the Series 2015 A Ordinance to pay the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A Bonds, Series 2002 C Bonds (if not defeased), Series 2010 A Bonds, Series 2010 B Bonds, Series 2013 B Bonds, Series 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds and Series 2015 A Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 B 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 2015 B 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 2015 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 B Bonds deposited therein, and subsequent amounts required to be

transferred from the Revenue Fund and deposited in the Series 2015 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 B 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 and the Series 2015 A Bonds the amounts required by the Prior Ordinances and the Series 2015 A Ordinance to pay the principal of the Prior Bonds and the Series 2015 A Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund and in the Series 2015 B 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 2015 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2015 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 B Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 B Bonds when the funds on deposit in the Series 2015 B 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 2015 B Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2015 B Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2015 B 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 2015 B 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 2015 B 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 respective Reserve Accounts of the Prior Bonds and the Series 2015 A Bonds the amounts required by the Prior Ordinances and the Series 2015 A Ordinance; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2015 B Bonds, if not fully funded upon issuance of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2015 B 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 2015 B Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2015 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 B Bonds Reserve Account below the Series 2015 B Bonds Reserve Requirement or any withdrawal from the Series 2015 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 B 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 2015 B Bonds Reserve Account is less than the Series 2015 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 B Bonds Reserve Account for deposit into the Series 2015 B 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 2015 B Bonds Reserve Account to an amount equal to the Series 2015 B Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2015

B 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 2015 B 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 2015 B Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2015 B Bonds Reserve Requirement.

Amounts in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 B Bonds when due, when amounts in the Series 2015 B 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 2.5% 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 and the Series 2015 A Ordinance, so long as the Prior Bonds and the Series 2015 A 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 any 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 2015 B Bonds, the Series 2015 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 2015 B Bonds in such manner and to such extent as may be necessary, so that such Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein and the unexpended proceeds of the Series 2015 B Bonds, all as herein provided. No Holder or Holders of the Series 2015 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2015 B Bonds or the interest thereon.

Section 6.03. Series 2015 B Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds and the Series 2015 A Bonds. The payment of the debt service of all of the Series 2015 B 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 and the Series 2015 A Bonds. 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 2015 A Bonds herein authorized, and to make the payments into the Series 2015 B Bonds Sinking Fund all moneys and securities in the Series 2015 B Bonds Sinking Fund, including the Series 2015 B 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, the Series 2015 B Bonds and the Series 2015 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 2015 B 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 2015 B Bonds, and all obligations issued on a parity with the Series 2015 B Bonds, including the Prior Bonds and the Series 2015 A 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 120 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 for the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances and the Series 2015 A Ordinance. Additionally, so long as the Series 2015 B 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 Outstanding, or to defease the pledge created by this Ordinance, the Prior Ordinances and the Series 2015 A Ordinance. 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 \$500,000, 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 \$500,000 but not in excess of \$5,000,000, 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 \$500,000 and not in excess of \$5,000,000, 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 \$5,000,000 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 2015 B 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 2015 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2015 B 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 and the Series 2015 A Ordinance 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 Series 2015 A Bonds or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 and Series 2015 A Bonds then Outstanding;
- (2) The Series 2015 B 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 2015 B Bonds, the Series 2015 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 2015 B 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 2015 B 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 2015 B Bonds, the Series 2015 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. 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 2015 B 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 2015 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' 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. WORKERS' 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 also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants.

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 ordinance 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds during the terms thereof is, under the terms of such Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 the Series 2015 A Bonds.

Section 6.18. RESERVED

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 2015 B 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 2015 A Bonds, the Prior Ordinances or the Series 2015 A Ordinance.

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;

(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

(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.

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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 B 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 2015 B Bonds, the first exchange of Series 2015 B Bonds and the exchange

of Series 2015 B 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 2015 B 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 2015 B Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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. 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 2015 B 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 2015 B 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 2015 B Bonds so authenticated, and, in case any Series 2015 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2015 B Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Bond Commission shall serve as Paying Agent. The Registrar and Depository Bank shall be designated by Supplemental Resolution. 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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2015 B 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 2015 B 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 2015 B Bonds, provided that, in the event any of the Series 2015 B Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2015 B Bonds or the rights of the applicable Bond Insurer for such Series 2015 B 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 (i) the Registered Owners of 60% in aggregate principal amount of the Series 2015 B Bonds then Outstanding and affected thereby, or (ii) the Bond Insurer. 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 2015 B Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 B Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2015 B 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 2015 B Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2015 B 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 2015 B Bonds. All Series 2015 B 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 2015 B Bonds shall be deemed Outstanding under this Ordinance and no Series 2015 B Bonds shall be issued in lieu thereof. All such Series 2015 B 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 2015 B 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 2015 B Bonds which remain unclaimed for 1 year after the date on which such Series 2015 B 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 2015 B Bonds shall look only to the Issuer for the payment of such Series 2015 B Bonds.

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

PAYING AGENT:

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, West Virginia
Attention: Director

REGISTRAR:

[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 2015 B 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 2015 B 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 2015 B 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 2015 B 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 and the Series 2015 A Ordinance shall remain in full force and effect so long as any of the Prior Bonds and the Series 2015 A 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 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.

[Remainder of Page Intentionally Left Blank]

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

First Reading: July 6, 2015

Second Reading: July 20, 2015

Passed on Final Reading
Following Public
Hearing: August 17, 2015

Enacted this 17th day of August, 2015.

CITY OF CHARLES TOWN

[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 7:00 p.m., on August 17, 2015, 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.

[SEAL]

City Clerk

EXHIBIT A-1 – FORM OF SERIES 2015 B BONDS

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. BR-_____

\$ _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

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 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 2009 A Bonds, (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the repayment of principal of and interest on the Series 2015 B Bonds;] (iii) to fund the Series 2015 B Bonds Reserve Account [to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 A Reserve Account], and (ix) to pay certain costs of issuance of the Series 2015 B 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 August 17, 2015, and supplemented by a supplemental parameters resolution adopted by said Council on September 21, 2015, (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:

<u>Period During Which Redeemed</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____ 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 () _____	_____ <u>Principal Amount</u>
----------------------	-------------------------------

Bonds Maturing

_____ Year () _____	_____ <u>Principal Amount</u>
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* 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 2015 B BONDS AS TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT, BEING THE ISSUER'S:

1. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS");
2. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS");
3. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS");
4. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS");
5. COMBINED WATERWORKS AND SEWERAGE SYSTEM 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 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 20, 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 2010 A (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$912,458 (THE "SERIES 2010 A BONDS");
11. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 13, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2010 B BONDS");
12. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,250,000 (THE "SERIES 2010 C BONDS");
13. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2010, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2010 D BONDS");

14. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$13,147,192 (THE "SERIES 2011 A BONDS");

15. COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 27, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$591,977 (THE "SERIES 2013 A BONDS");

16. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 B (TAX-EXEMPT), DATED OCTOBER 1, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,970,000 (THE "SERIES 2013 B BONDS");

17. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,058,900 (THE "SERIES 2014 A BONDS");

18. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 C (AMT), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 2014 C BONDS");

19. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 D (TAXABLE), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000 (THE "SERIES 2014 D BONDS"); AND

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2014 E (BANK QUALIFIED), DATED OCTOBER 31, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,425,000 (THE "SERIES 2014 E BONDS").

THE SERIES 1987 B BONDS, SERIES 1988 B-1 BONDS, SERIES 1988 B-2 BONDS, SERIES 1989 B BONDS, SERIES 1998 BONDS, SERIES 2000 A BONDS, SERIES 2002 A BONDS, SERIES 2002 B BONDS, [SERIES 2002 C BONDS], SERIES 2010 A BONDS, SERIES 2010 B BONDS, SERIES 2010 C BONDS, SERIES 2010 D BONDS, SERIES 2011 A BONDS, SERIES 2013 A BONDS, SERIES 2013 B BONDS, SERIES 2014 A BONDS, SERIES 2014 C BONDS, SERIES 2014 D BONDS AND SERIES 2014 E BONDS

AND THE SERIES 2015 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

THE ISSUER HAS ISSUED, CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2015 B BONDS, ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED) , DATED _____, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2015 A BONDS").

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 the Series 2015 A Bonds and from moneys in the Series 2015 B Bonds Sinking Fund and the Series 2015 B 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 2015 B Bonds Sinking Fund and the Series 2015 B 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 and the Series 2015 A 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 Series 2015 B Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 2009 A Bonds, [purchase a Municipal Bond Insurance Policy for the Series 2015 B Bonds], fund a reserve account, [purchase a Municipal Bond Debt Service Reserve Insurance Policy] for the Series 2015 B Bonds and pay costs of issuance of the Series 2015 B 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: _____, 20____.

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: _____, 20____.

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.

Refinance Series 2002 C Bonds

City of Charles Town

Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank-Qualified)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION RE-DESIGNATING THE PREVIOUSLY AUTHORIZED COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B AS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A (BANK-QUALIFIED); PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A OF THE CITY OF CHARLES TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, A TAX COMPLIANCE POLICY, A CONTINUING DISCLOSURE POLICY, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND/OR MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY AND AMENDMENT AND/OR MODIFICATION OF THE ORDINANCE TO COMPLY THEREWITH; 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 August 17, 2015, an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER’S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 C 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 2015 B OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$3,500,000; 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 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 above-described Ordinance when used herein;

WHEREAS, the above-described Ordinance provides for the issuance by the Issuer of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Tax-Exempt) in an aggregate principal amount not to exceed \$3,500,000; 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 Revenue Bonds, Series 2002 C (Insured), dated December 20, 2012, issued in the original aggregate principal amount of \$4,135,000 (the "Series 2002 C Bonds") and the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 2002 C Bonds;

WHEREAS, the Issuer desires to redesignate the bonds approved in the above-described Ordinance as "Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified)" and hereby does authorize and approve all amendments and modifications to the above-described Ordinance to reflect such re-designation, as reflected on "EXHIBIT A" attached hereto, and such amended and modified Ordinance is hereinafter referred to as the "Series 2015 A Ordinance."

WHEREAS, the Series 2015 A Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2015 A 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, a Prepayment 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 Series 2015 A Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2015 A Bonds and/or providing a debt service reserve insurance policy for such Series 2015 A Bonds and that other matters pertaining to the Series 2015 A Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Series 2015 A 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 Issuer 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 the Mayor shall be authorized to acquire a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, if either, or both, is determined by the Mayor to be financially advantageous to the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the “Series 2015 A Supplemental Parameters Resolution”) be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2015 A 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 Series 2015 A Bonds be herein provided for all in accordance with the Series 2015 A Ordinance;

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

SECTION 1. The previously authorized Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B are hereby redesignated as “Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A” and the Ordinance enacted August 17, 2015 authorizing the issuance of the bonds to refinance the Series 2002 C Bonds is hereby amended and modified as reflected in Exhibit A attached hereto and incorporated herein by reference. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer’s outstanding Series 2002 C Bonds, (ii) funding a debt service reserve account for the Series 2015 A Bonds either with cash or through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy, (iii) if determined to be financially advantageous to the Issuer, paying the premium for a Municipal Bond Insurance Policy; and (iv) paying costs of issuance of the Series 2015 A Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2015 A Bonds in an aggregate principal amount not to exceed \$3,500,000.

SECTION 2. Pursuant to the Series 2015 A Ordinance and the Act, this Series 2015 A Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2015 A Bonds. The Series 2015 A Bonds shall be issued in the aggregate principal amount not to exceed \$3,500,000, bear interest at a rate not to exceed 6.0%, payable semiannually as determined by the Certificate of Determinations and shall mature no later than January 1, 2035 shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Series 2015 A Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT B and approved hereby (the “Series 2015 A Certificate of Determinations”); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2015 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations.

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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor 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 Series 2015 A 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 Series 2015 A 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 2015 A Bonds presented to the Issuer by the Original Purchaser, the Series 2015 A Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 2002 C Bonds and the costs of issuing the Series 2015 A Bonds. The Mayor shall provide this same finding in the Certificate of Determinations.

SECTION 6. A. The Tax 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Tax Compliance policy attached hereto as EXHIBIT C.

SECTION 7. A. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Series 2015 A 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Continuing Disclosure Policy attached hereto as EXHIBIT D.

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 Mayor 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 Mayor) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor 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 Mayor 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 10. The Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Prepayment Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 11. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2015 A Bonds.

SECTION 12. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2015 A Bonds.

SECTION 13. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar for the Series 2015 A Bonds. The Mayor is hereby authorized to designate the depository bank for the Costs of Issuance of the Series 2015 A Bonds.

SECTION 14. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2015 A Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2015 A Bonds. These additional covenants and provisions shall be set forth in the Series 2015 A Certificate of Determinations, shall apply to the Series 2015 A Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2015 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 A Ordinance and this Series 2015 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 15. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 A Bonds Debt Service Reserve Fund for the Series 2015 A Bonds. In the event a Municipal Bond Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 A Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Series 2015 A Certificate of Determinations, shall apply to the Series 2015 A Bonds, and shall be supplemental to, and amendatory of, the Series 2015 A Ordinance and this Series 2015 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 A Ordinance and this Series 2015 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 16. The 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 Series

2015 A Bonds to the end that the Series 2015 A Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 17. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
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 18. The issuance of the Series 2015 A 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 19. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2015 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 2015 A Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor 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 20. The Issuer hereby designates the portion of the par amount of the Series 2015 A Bonds which is in excess of the outstanding par amount of the Series 2002 C Bonds which is refunded as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2015 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 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 portion of the par amount of the Series 2015 A Bonds which is in excess of the outstanding par amount of the Series 2002 C Bonds which is refunded, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2015, all as determined in accordance with the Code.

SECTION 21. The Mayor 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 2015 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 Series 2015 A 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 22. This Series 2015 A Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of September, 2015.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

[SEAL]

Attest:

City Clerk

CERTIFICATION

Certified a true copy of a Series 2015 A Supplemental Parameters Resolution duly adopted by the Council of the CITY OF CHARLES TOWN on September 21, 2015, which Series 2015 A Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated: _____, 2015.

By: _____
City Clerk

Refinance Series 2009 A Bonds

City of Charles Town

Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank-Qualified)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION RE-DESIGNATING THE PREVIOUSLY AUTHORIZED COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 C AS COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B (BANK-QUALIFIED); PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B OF THE CITY OF CHARLES TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, A TAX COMPLIANCE POLICY, A CONTINUING DISCLOSURE POLICY, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND/OR MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY AND AMENDMENT AND/OR MODIFICATION OF THE ORDINANCE TO COMPLY THEREWITH; 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 August 17, 2015, an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER’S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A 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 2015 C OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$5,500,000; 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 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 above-described Ordinance when used herein;

WHEREAS, the above-described Ordinance provides for the issuance by the Issuer of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C (Tax-Exempt) in an aggregate principal amount not to exceed \$5,500,000; 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 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 the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 2009 A Bonds;

WHEREAS, the Issuer desires to redesignate the bonds approved in the above-described Ordinance as "Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified)" and hereby does authorize and approve all amendments and modifications to the above-described Ordinance to reflect such re-designation, as reflected on "EXHIBIT A" attached hereto, and such amended and modified Ordinance is hereinafter referred to as the "Series 2015 B Ordinance."

WHEREAS, the Series 2015 B Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2015 B 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 a Prepayment 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 Series 2015 B Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2015 B Bonds and/or providing a debt service reserve insurance policy for such Series 2015 B Bonds and that other matters pertaining to the Series 2015 B Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Series 2015 B 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 Issuer 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 the Mayor shall be authorized to acquire a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, if either, or both, is determined by the Mayor to be financially advantageous to the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the “Series 2015 B Supplemental Parameters Resolution”) be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2015 B 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 Series 2015 B Bonds be herein provided for all in accordance with the Series 2015 B Ordinance;

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

SECTION 1. The previously authorized Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 C are hereby redesignated as “Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B” and the Ordinance enacted August 17, 2015 authorizing the issuance of the bonds to refinance the Series 2009 A Bonds is hereby amended and modified as reflected in Exhibit A attached hereto and incorporated herein by reference. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer’s outstanding Series 2009 A Bonds, (ii) funding a debt service reserve account for the Series 2015 B Bonds either with cash or through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy, (iii) if determined to be financially advantageous to the Issuer, paying the premium for a Municipal Bond Insurance Policy; and (iv) paying costs of issuance of the Series 2015 B Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2015 B Bonds in an aggregate principal amount not to exceed \$5,500,000.

SECTION 2. Pursuant to the Series 2015 B Ordinance and the Act, this Series 2015 B Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2015 B Bonds. The Series 2015 B Bonds shall be issued in the aggregate principal amount not to exceed \$5,500,000, bear interest at a rate not to exceed 6.0%, payable semiannually as determined by the Certificate of Determinations and shall mature no later than October 1, 2030 shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Series 2015 B Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT B and approved hereby (the “Series 2015 B Certificate of Determinations”); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2015 B Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations.

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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor 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 Series 2015 B 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 Series 2015 B 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 2015 B Bonds presented to the Issuer by the Original Purchaser, the Series 2015 B Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 2009 A Bonds and the costs of issuing the Series 2015 B Bonds. The Mayor shall provide this same finding in the Certificate of Determinations.

SECTION 6. A. The Tax 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Tax Compliance policy attached hereto as EXHIBIT C.

SECTION 7. A. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Series 2015 B 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

B. The Issuer hereby approves the Continuing Disclosure Policy attached hereto as EXHIBIT D.

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 Mayor 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 Mayor) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor 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 Mayor 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 of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 10. The Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Prepayment Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 11. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2015 B Bonds.

SECTION 12. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2015 B Bonds.

SECTION 13. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar for the Series 2015 B Bonds. The Mayor is hereby authorized to designate the depository bank for the Costs of Issuance of the Series 2015 B Bonds.

SECTION 14. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2015 B Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2015 B Bonds. These additional covenants and provisions shall be set forth in the Series 2015 B Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2015 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution may be in conflict therewith.

SECTION 15. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2015 B Bonds Debt Service Reserve Fund for the Series 2015 B Bonds. In the event a Municipal Bond Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 B Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Series 2015 B Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be supplemental to, and amendatory of, the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2015 B Ordinance and this Series 2015 B Supplemental Parameters Resolution may be in conflict therewith.

SECTION 16. The 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 Series

2015 B Bonds to the end that the Series 2015 B Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 17. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
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 18. The issuance of the Series 2015 B 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 19. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2015 B 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 2015 B Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor 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 20. The Issuer hereby designates the portion of the par amount of the Series 2015 B Bonds which is in excess of the outstanding par amount of the Series 2009 A Bonds which is refunded as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2015 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 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 portion of the par amount of the Series 2015 B Bonds which is in excess of the outstanding par amount of the Series 2009 A Bonds which is refunded, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2015, all as determined in accordance with the Code.

SECTION 21. The Mayor 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 2015 B 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 Series 2015 B 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.

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SECTION 22. This Series 2015 B Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of September, 2015.

CITY OF CHARLES TOWN

[SEAL]

By: _____
Its: Mayor

Attest:

City Clerk

CERTIFICATION

Certified a true copy of a Series 2015 B Supplemental Parameters Resolution duly adopted by the Council of the CITY OF CHARLES TOWN on September 21, 2015, which Series 2015 B Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated: _____, 2015.

By: _____
City Clerk

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 Series 2015 Bonds. The Series 2015 Bonds 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 Series 2015 Bond certificate will be issued for each maturity of the Series 2015 Bonds, 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 a Standard & Poor’s rating of AA+. 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.

3. Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2015 Bond (“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 Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 Bonds 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 Series 2015 Bonds;

DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015 Bonds documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 Bonds 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 Series 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and 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, Agent, or Issuer, 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 Issuer 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. A Beneficial Owner shall give notice to elect to have its Series 2015 Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2015 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2015 Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2015 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2015 Bonds 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 depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2015 Bonds certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2015 Bonds certificates will be printed and delivered to DTC.

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.

APPENDIX H

ANNUAL DEBT SERVICE

The following table sets forth for each year the amounts payable from Gross Revenues of the System, including the Series 2015 Bonds and the Prior Bonds.

Fiscal Year	Parity Debt	Series 2002 C	Series 2009	Series 2015 A	Series 2015 B	Total
2016	\$1,784,385	\$176,544	\$466,901	\$40,460	\$41,149	\$1,865,994
2017	1,773,976			204,563	404,275	2,382,813
2018	1,688,330			206,913	423,125	2,318,368
2019	1,862,234			209,163	426,625	2,498,022
2020	1,837,519			206,713	425,813	2,470,044
2021	1,864,403			209,394	425,325	2,499,122
2022	1,767,911			206,675	423,900	2,398,486
2023	1,866,816			207,975	420,200	2,494,991
2024	1,838,327			208,400	424,475	2,471,202
2025	1,716,924			208,675	421,500	2,347,099
2026	1,719,980			203,875	423,150	2,347,005
2027	1,561,391			204,000	421,300	2,186,691
2028	1,568,400			203,975	261,550	2,033,925
2029	1,438,069			208,275	263,900	1,910,244
2030	1,396,321			206,888	-	1,603,209
2031	1,330,542			205,325	-	1,535,867
2032	1,147,615			204,075	-	1,351,690
2033	1,091,527			208,075	-	1,299,602
2034	1,090,890			-	-	1,090,890
2035	1,089,996			-	-	1,089,996
2036	1,088,846			-	-	1,088,846
2037	1,092,440			-	-	1,092,440
2038	1,090,285			-	-	1,090,285
2039	1,073,423			-	-	1,073,423
2040	971,070			-	-	971,070
2041	712,977			-	-	712,977
2042	454,362			-	-	454,362
2043	356,583			-	-	356,583
2044	161,728			-	-	161,728
2045	145,782			-	-	145,782
2046	36,446			-	-	36,446
	\$38,619,497	\$176,544	\$466,901	\$3,553,416	\$5,206,287	\$47,379,200

APPENDIX I

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2015 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$472.1 million, \$31.0 million and \$441.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/.

Obligor Disclosure Briefs. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Obligor Disclosure Brief for those bonds. These pre-sale Obligor Disclosure Briefs provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Obligor Disclosure Briefs will be updated and superseded by a final Obligor Disclosure Brief to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Obligor Disclosure Briefs are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce an Obligor Disclosure Brief for all bonds insured by BAM, whether or not a pre-sale Obligor Disclosure Brief has been prepared for such bonds.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

APPENDIX J

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX K

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY



**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$_____ in aggregate principal
amount of [NAME OF
TRANSACTION]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “**Business Day**” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. [“**Debt Service Reserve Agreement**” means the Debt Service Reserve Fund Agreement, if any, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time.] “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “**Nonpayment**” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “**Notice**” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “**Owner**” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. “**Policy**”

Limit” means the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Security Documents from time to time (the “Reserve Account Requirement”), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed \$_____. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. **“Security Documents”** means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. **“Term”** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Authorized Officer

SPECIMEN

Schedule

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Security Documents or Debt Service Reserve Agreement, if any, and, as of the date hereof, the Policy Limit is \$_____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Name:
Title:

SPECIAL AGENT

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS**

SERIES 2015 A (BANK-QUALIFIED)

SERIES 2015 B (BANK-QUALIFIED)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the “Underwriter”), that he is the duly elected and acting Mayor of the City of Charles Town, West Virginia (the “City”), authorized to execute and deliver this Certificate and further certifies on behalf of the City to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the “Rule”), in connection with the offering and sale of City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified) and Series 2015 B (Bank-Qualified) (collectively, the “Bonds”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date hereof, setting forth information concerning the Bonds and the City (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 of the Bonds, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter thereof.

(6) The section of the Preliminary Official Statement entitled Continuing Disclosure describes the agreement the City expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement, under which the City will undertake to serve as dissemination agent and to provide ongoing disclosure in accordance with Section (b)(5)(I) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 15th day of
October, 2015.

CITY OF CHARLES TOWN,
WEST VIRGINIA

By: 
Mayor: Peggy A. Smith

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS
\$2,750,000 SERIES 2015 A (BANK-QUALIFIED)
\$4,355,000 SERIES 2015 B (BANK-QUALIFIED)**

BOND PURCHASE AGREEMENT

October 20, 2015

City of Charles Town
101 East Washington Street
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”) for the purchase of the City’s Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified) (the “Series 2015 A Bonds”) and Series 2015 B (Bank-Qualified) (the “Series 2015 B Bonds,” and together with the Series 2015 A Bonds collectively, the “Bonds”). This offer is made subject to acceptance and execution of this Purchase Agreement by the City prior to 6:00 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 Ordinances.

The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters), (iv) the Underwriter has no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Agreement, and (v) the City has consulted their own legal, financial and other advisors to the extent they have deemed appropriate.

1. The proceeds of the Series 2015 A Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 C (Insured), dated December 20, 2002, issued in the original aggregate principal amount of \$4,135,000, of which \$3,060,000 is outstanding as of September 30, 2015 (the "Series 2002 C Bonds"); (ii) fund the Series 2015 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2015 A Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) pay the premium for a municipal bond insurance policy (the "Series 2015 A Insurance Policy") from the Bond Insurer to secure the payments of the principal of, and interest on, the Series 2015 A Bonds; and (iv) pay the costs of issuance of the Series 2015 A Bonds and related costs.

The City expects to call the Series 2002 C Bonds for redemption on or about December 1, 2015.

The proceeds of the Series 2015 B Bonds shall be used, together with other available funds, to: (i) finance the costs of currently refunding the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (Tax-Exempt), dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000, of which \$5,270,000 is outstanding as of September 30, 2015 (the "Series 2009 A Bonds"); (ii) fund the Series 2015 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2015 B Reserve Policy") from the Bond Insurer; (iii) pay the premium for a municipal bond insurance policy (the "Series 2015 B Insurance Policy") from the Bond Insurer to secure the payments of the principal of, and interest on, the Series 2015 B Bonds; and (iv) pay the costs of issuance of the Series 2015 B Bonds and related costs.

The City expects to call the Series 2009 A Bonds for redemption on or about December 1, 2015.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the ordinances enacted by the City Council of the City on August 17, 2015 (the "Original Ordinances") and as supplemented and amended by Supplemental Parameters Resolutions adopted by the City Council of the City on September 21, 2015 (the "Supplemental Resolutions"), and a Certificate of Determinations, signed by the Mayor of the City, dated October 20, 2015 (the "Certificate of Determinations," and collectively with the Original Ordinances and the Supplemental Resolutions, the "Ordinances"). The Bonds shall be secured by the Gross Revenues derived by the City from the operation of its combined municipal waterworks and sewerage system (the "System"), and with respect to the Series 2015 A Bonds, the Series 2015 A Bonds Sinking Fund and the Series 2015 A Bonds Reserve Account therein and with respect to the Series 2015 B Bonds, the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein, on parity with one another, and the Prior Bonds, as defined herein.

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 Series 2015 A Bonds, at an aggregate

purchase price of \$2,762,116.80 (\$2,750,000.00 minus Underwriter's discount of \$44,687.50 plus a net original issue premium of \$56,804.30).

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 Series 2015 B Bonds, at an aggregate purchase price of \$4,402,453.00 (\$4,355,000.00 minus Underwriter's discount of \$70,768.75 plus a net original issue premium of \$118,221.75).

The Series 2015 A Bonds shall mature on the dates and in the amounts, and shall bear interest from their 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 June 1 and December 1 (each an "Interest Payment Date"), commencing June 1, 2016, as more fully described on Exhibit A attached hereto and incorporated herein by reference.

The Series 2015 B Bonds shall mature on the dates and in the amounts, and shall bear interest from their 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 (each an "Interest Payment Date"), commencing April 1, 2016, as more fully described on Exhibit A 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, 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 October 15, 2015 (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 Ordinances. The City authorizes the use of copies of the Official Statement and the Ordinances in connection with the public offering and sale of the Bonds.

On October 15, 2015, 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 themselves 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 November 19, 2015, 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 Ordinances. 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 17, 2015. 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 and municipal corporation of the State of West Virginia in Jefferson County of said State. The City is duly authorized to operate and maintain the System and establish rates for the System. 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"). The City has created the Charles Town Utility Board (the "Board") to operate and manage the System;

(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 Ordinances and to enter into this Purchase Agreement, to enact the Ordinances 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 October 15, 2015, and in the Official Statement is and, as of the Closing Date (as hereinafter defined), will be, to the best knowledge of the City, true and to the best knowledge of the City 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), to the best knowledge of the City, 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, to the best knowledge of the City 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 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 (1) 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 (2) 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 (1) 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 Ordinances and in the Official Statement; (2) the execution and delivery of the Ordinances 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; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Ordinances 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 Ordinances 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 Ordinances and will be entitled to the benefit of the Ordinances. 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 Ordinances, the Undertaking, this Purchase Agreement or any agreement or instrument to which the City is a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinances, this Purchase Agreement or any agreement or instrument to which the City is 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 Ordinances and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, to the best knowledge of the representatives of the City following appropriate inquiry, 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 the knowledge of the representatives of the City 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 Board included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the 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 secured by the System or any material adverse change in the general affairs, management, financial position, or results of operations of the 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 Board, except as reflected in or contemplated by the Official Statement;

(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 Ordinances 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 Ordinances 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 its 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) Opinions, dated the date of the Closing and addressed to the City and the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the forms 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 (1) 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; (2) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinances are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (3) 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 (4) nothing has come to their attention which would lead them to believe that the statements contained in the Official Statement under the captions "The Series 2015 Bonds" "Security for the Series 2015 Bonds," (except for the statements referred to therein under "Appendix G - Book-Entry Only System" with respect to The Depository Trust Company), "Financing Plan," "Absence of Material Litigation," "Appendix D – Forms of Opinion of Bond Counsel," and "Appendix F – Form of Ordinances" insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinances, do not present fairly in all material respects the matters referred to therein;

(iii) An opinion, dated the date of Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Counsel to the City, to the effect that (1) the City is a political subdivision and municipal corporation of the State of West Virginia, (2) the City has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Bonds, (3) the City has all power and authority to operate the System, (4) the City has the power and authorization to set and enforce rates and the water and sewer rates and charges enacted by the City on April 15, 2008 and September 3, 2013, respectively, are in full force and effect and not subject to appeal, (5) no litigation is pending, or to their or his 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 Gross Revenues of the System 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 Ordinances or this Purchase Agreement, or contesting the powers of the City with respect to the Bonds, the Ordinances, the Undertaking or this Purchase Agreement or any transaction described in or contemplated by the Official Statement, (6) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no 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 regarding the City, in light of the circumstances under which they were made, not misleading, and (7) the statements contained in the Official Statement under the captions "Financing Plan," "Absence of Material Litigation," "The System," "Continuing Disclosure" 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 Ordinances, are accurate and present a fair summary of the matters referred to therein;

(iv) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(v) An opinion, dated the date of the Closing and addressed to the Underwriter, of Jackson Kelly PLLC, Underwriter's Counsel, to the effect that (1) 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; (2) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (3) with respect to the Official Statement that no facts have come to their attention that the Official Statement contains any untrue statements of a material fact or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vi) An opinion, dated the date of Closing and addressed to the Underwriter, of Hoy G. Shingleton, Jr., Esquire, Counsel to the Board, to the effect that (1) the Board has been legally constituted and has all power and authority to manage and operate the System, (2) no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the collection of Gross Revenues of the System 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 Ordinances, the Undertaking or this Purchase Agreement, or contesting the powers of the Board with respect to this Purchase Agreement or any transaction described in or contemplated by the Official Statement, (3) that the Official Statement contains no 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 regarding the Board, in light of the circumstances under which they were made, not misleading, and (4) the statements contained in the Official Statement under the captions "The System," "Absence of Material Litigation," "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 Ordinances, are accurate and present a fair summary of the matters referred to therein;

(vii) A certificate, satisfactory to the Underwriter, of the Mayor of the City or any other duly authorized officer of the City or the Board, as appropriate, satisfactory to the Underwriter, dated as of the Closing, to the effect that: (1) the City has duly performed all of the obligations to be performed at or prior to the Closing and that each of the representations and warranties contained herein are true as of Closing, (2) the City has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinances 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, (3) to the knowledge of such signatory no litigation is pending, or to such signatories 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 Ordinances, (4) to the best knowledge of such signatory following appropriate

inquiry, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinances and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the City's 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 (5) such signatory are aware of no material non-compliance with the covenants in all outstanding ordinances 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 authorized officers 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 except as provided in the Official Statement is in full compliance with all of the City's prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(xi) A certificate from an independent certified public accountant, stating that the City has Gross Revenues sufficient to meet the coverage and parity requirements of the Ordinances and the Prior Ordinances;

(xii) A Certificate of the Registrar to the effect that all conditions precedent contained in the Ordinances for the issuance of the Bonds have been met, and the Bonds are entitled to the benefit and security of the Ordinances;

(xiii) The Ordinances, certified by the City Clerk under the seal of the City, as having been duly enacted 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) With respect to the Series 2015 A Bonds and the Series 2015 B Bonds, an Information Return for Tax-Exempt Bond Issues (Internal Revenue Service Form 8038-G), in the form satisfactory to Bond Counsel for filing, executed by the duly authorized officer of the City and evidence that the City has adopted post issuance compliance guidelines sufficient to allow the City to check boxes 43 and 44 on Form 8038-G;

(xv) Evidence that the Series 2002 C Bonds and the Series 2009 A 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 2002 C Bonds and the Series 2009 A Bonds;

(xvi) Consent to use the Board's audit in the Preliminary Official Statement and Official Statement from Perry & Associates, Certified Public Accountants;

(xvii) A tax and arbitrage certificate of the City;

(xviii) Executed copies of the Prepayment Agreement for the Series 2002 C Bonds and the Series 2009 A Bonds;

(xix) A consent from the holders of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds;

(xx) Evidence of the issuance of municipal bond insurance for the Series 2015 A and Series 2015 B, respectively, from BAM, and evidence of separate municipal bond debt service reserve policies provided for the Series 2015 A Reserve Account and the Series 2015 B Reserve Account, respectively, from BAM;

(xxi) Evidence of "AA" rating from Standard & Poor's Financial Services LLC, based on BAM Insurance Policy; and

(xxii) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or its 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 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; (viii) all fees associated with the payment and redemption of the Series 2002 C Bonds and the Series 2009 A Bonds; (ix) bond insurance premiums and debt service reserve policy premiums; (x) rating agency fees; and (xi) all other expenses and costs (including the legal fees and expenses of the City and the Board) 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, is offering the Bonds which constitute the whole or a part of its 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
101 East Washington Street
Charles Town, WV 25414
Attention: City Manager

To the Underwriter:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, WV 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 Underwriter 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: Senior Managing Director

ACCEPTED AND APPROVED:

October 20, 2015 at 3:00 p.m.

City of Charles Town, West Virginia

By: 
Its: Mayor

EXHIBIT A

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS**

Maturities, Amounts, Interest Rates, Prices & CUSIPS

\$2,750,000 SERIES 2015 A SERIAL BONDS (BANK-QUALIFIED)

Maturity (December 1)	Amount	Interest Rate	Price	CUSIP
2016	\$130,000	2.000%	101.284%	160028 DR4
2017	\$135,000	2.000%	102.007%	160028 DS2
2018	\$140,000	2.000%	102.225%	160028 DT0
2019	\$140,000	1.500%	100.000%	160028 DU7
2020	\$145,000	1.750%	100.000%	160028 DV5
2021	\$145,000	2.000%	100.000%	160028 DW3
2022	\$150,000	3.000%	105.656%*	160028 DX1
2023	\$155,000	3.000%	105.074%*	160028 DY9
2024	\$160,000	3.000%	104.496%*	160028 DZ6
2025	\$160,000	3.000%	103.635%*	160028 EA0
2026	\$165,000	3.000%	102.783%*	160028 EB8
2027	\$170,000	3.000%	101.659%*	160028 EC6

\$555,000 3.500% TERM BOND DUE DECEMBER 1, 2030 AT 104.142%* CUSIP: 160028 ED4

\$400,000 3.000% TERM BOND DUE DECEMBER 1, 2032 AT 97.388%* CUSIP: 160028 EE2

*PRICED TO DECEMBER 1, 2021 OPTIONAL PAR CALL

\$4,355,000 SERIES 2015 B SERIAL BONDS (BANK-QUALIFIED)

Maturity (October 1)	Amount	Interest Rate	Price	CUSIP
2016	\$295,000	2.000%	101.077%	160028 EF9
2017	\$320,000	2.000%	101.844%	160028 EG7
2018	\$330,000	2.000%	102.104%	160028 EH5
2019	\$335,000	1.500%	100.000%	160028 EJ1
2020	\$340,000	1.750%	100.000%	160028 EK8
2021	\$345,000	2.000%	100.000%	160028 EL6
2022	\$350,000	3.000%	105.508%*	160028 EM4
2023	\$365,000	3.000%	104.941%*	160028 EN2
2024	\$375,000	4.000%	111.017%*	160028 EP7
2025	\$390,000	3.000%	103.541%*	160028 EQ5

\$910,000 3.000% TERM BOND DUE OCTOBER 1, 2028 AT 101.073%* CUSIP: 160028 ER3

*PRICED TO OCTOBER 1, 2021 OPTIONAL PAR CALL

Extraordinary Redemption

The Series 2015 A Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System at any time at the

redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

The Series 2015 B Bonds shall be subject to redemption if there shall occur any damage to or destruction of the System and any condemnation of title to or the use of the System at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption

The Series 2015 A Bonds maturing on and after December 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after December 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

The Series 2015 B Bonds maturing on and after October 1, 2022, are subject to redemption at the option of the City, prior to maturity, on or after October 1, 2021, in whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2015 A Bonds maturing December 1, 2030 and December 1, 2032, are subject to annual mandatory redemption prior to maturity by random selection on December 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 2030

<u>Year (December 1)</u>	<u>Principal Amount</u>
2028	\$180,000
2029	\$185,000
2030*	\$190,000

Bonds Maturing 2032

<u>Year (December 1)</u>	<u>Principal Amount</u>
2031	\$195,000
2032*	\$205,000

*Final maturity.

If less than all of the Series 2015 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.

The Series 2015 B Bonds maturing 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 2028

<u>Year (October 1)</u>	<u>Principal Amount</u>
2026	\$400,000
2027	\$250,000
2028*	\$260,000

*Final maturity.

If less than all of the Series 2015 B 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 CERTIFICATE

This Continuing Disclosure Certificate (this “Certificate”) is made by the City of Charles Town, West Virginia (the “City”). By the terms of Ordinances enacted by the Council of the City on August 17, 2015, as supplemented by Supplemental Parameters Resolutions adopted by the Council of the City on September 21, 2015 (collectively, the “Ordinances”), the City authorized the issuance of its \$2,750,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank-Qualified (the “Series 2015 A Bonds”) and its \$4,355,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the “Series 2015 B Bonds” and together with the Series 2015 A Bonds, collectively, the “Series 2015 Bonds”). The Series 2015 Bonds were sold pursuant to the terms of a Bond Purchase Agreement dated October 20, 2015, by and between the Crews & Associates, Inc. (the “Underwriter”) and the City (the “Purchase Agreement”). The parties agree as follows:

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

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

“Annual Financial Information” means, collectively, the Financial Information and Operating Data as herein defined.

“Audited Financial Statements” means the annual financial statements with respect to the System, whether included in the annual financial statements of the City or prepared solely with respect to the System, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or the Office of the Auditor of the State of West Virginia.

“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 then current City Manager of the City.

“Dissemination Agent” shall initially mean the City, or any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the City and which has filed with the City 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.

“Financial Information” means the Audited Financial Statements for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the System for the most recent fiscal year, with the Audited Financial Statements for such fiscal year to be provided when available.

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

“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.

“Operating Data” shall mean the information regarding the System for the most recent fiscal year, as well as the four (4) immediately prior fiscal years, as reflected in the “Form of Filing of Operating Data” attached hereto as Exhibit B. The City may amend and/or modify the Form of Filing of Operating Data one or more times prior to the maturity of the Bonds if such amendment or modification, in the reasonable opinion of the City, provides either more information, or additional clarity with respect to information being provided, regarding the System.

“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 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of West Virginia.

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

“System” shall mean the combined waterworks and sewerage system of the City as of the date of this Certificate, and all future additions, extensions and betterments thereto.

SECTION 3. Provision of Annual Financial Information.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the last day of the fiscal year (presently June 30) immediately following the end of the City’s fiscal year (presently June 30) for which disclosure is due (the “Due Date”), commencing with the Fiscal Year ending June 30, 2015, provide to EMMA the Annual Financial Information which is consistent with the requirements of this Certificate. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate. The City shall provide the Dissemination Agent with a copy of the Annual Financial Information to be filed under this Certificate. If the City’s fiscal year changes, the City 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 City sixty (60) days prior to the Due Date of the Annual Financial Information that such information is due by the Due Date. Such notice from the Dissemination Agent shall include notification to the City of any prior fiscal years for which Annual Financial Information is due.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the City shall provide the Annual Financial Information to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received all, or any portion of, the Annual Financial Information, the Dissemination Agent shall contact the City to determine if the City is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA all, or any portion of, the Annual Financial Information by the date required in subsection (a), the Dissemination Agent shall (i) file with EMMA any portion of the Annual Financial Information which the City has provided, and (ii) send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the City certifying that the Annual Financial Information has been provided to EMMA pursuant to this Certificate and the date provided.

SECTION 4. Content of Annual Financial Information. The Annual Financial Information shall include the Financial Information and the Operating Data, as defined in this Certificate.

Any or all of the items comprising the Annual Financial Information may be included by specific reference to other documents, including official statements of debt issues of the City secured by the revenues of the System, which have been submitted to EMMA 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 City 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 City shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the security;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership, or similar event of the City¹;
13. the consummation of a merger, consolidation or acquisition involving the City, or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

¹ For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(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 City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the City determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the City received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the City shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the City determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the City 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 City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the City. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

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

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

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the City and the Dissemination Agent may amend this Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City) and any provision of this Certificate may be waived (and the Dissemination Agent shall agree to any waiver so requested by the City), if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the City and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in, or official interpretation of, the Rule.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or notice of occurrence of any of the Listed Events in addition to that which is specifically

required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or notice of occurrence of any of the Listed Events.

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the City 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 attorney's 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 City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the City, 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 13. Fees. The City 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 14. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the City.

SECTION 15. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Certificate and to rely upon an opinion of counsel.

[The remainder of this page intentionally left blank.]

IN WITNESS THEREOF, the City has caused this Certificate to be executed by its duly authorized representative this 19th day of November, 2015.

CITY OF CHARLES TOWN

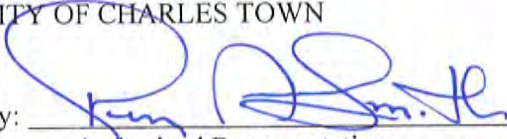
By: 
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: \$2,750,000 City of Charles Town Combined Waterworks and Sewerage System
Revenue Refunding Bonds, Series 2015 A (Bank-Qualified)

\$4,355,000 City of Charles Town Combined Waterworks and Sewerage System
Revenue Refunding Bonds, Series 2015 B (Bank-Qualified)

Date of Issuance: _____, 2015

Notice is hereby given that the City has not provided all [or a portion of] the Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed in connection with the above-referenced bond issue. [The portion of the Annual Financial Information which the City has not provided is _____.] The City anticipates that the Annual Financial Information, [or remaining Annual Financial Information, will be filed by _____, 20__.

Dated this _____.

CITY OF CHARLES TOWN, as Dissemination Agent

Authorized Representative

EXHIBIT B

FORM OF FILING OF OPERATING DATA

(This Form Utilizes the Fiscal Year ended June 30, 2014 for Illustrative Purposes Only)

Name of Issuer: City of Charles Town (West Virginia)

Name of Issue: \$2,750,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 2015 A (Bank-Qualified)

\$4,355,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 2015 B (Bank-Qualified)

Date of Issuance: _____, 2015

Operating Data
For Fiscal Year Ending: June 30, 20____

In compliance with the requirements of the Continuing Disclosure Certificate executed by the City of Charles Town (West Virginia) in conjunction with the above-referenced bonds, the following Operating Data with respect to the System is provided for the above-stated fiscal year and, where noted, for the four (4) immediately preceding fiscal years.

SYSTEM OPERATING DATA

Debt Service Coverage

The Audited Financial Statements for the fiscal year ended June 30, 20__ with respect to the System which have been, or will be, filed as part of the Annual Financial Information include a calculation of debt service coverage, which is incorporated herein by reference.

Total Customers in Communities Served for Fiscal Year Ended June 30, 2014

	Customers <u>At Year End</u>	Population <u>Served</u>
Charles Town	2,255	5,592
Ranson	1,095	2,672
Jefferson County	<u>1,924</u>	<u>4,887</u>
Total	5,274	13,151

Customer Statistics

The average number of System customers for the past five Fiscal Years are as follows:

Fiscal Year (ending June 30)	Water Customers	Sewer Customers (Charles Town Only)
2010	5,237	2,909
2011	5,565	2,931
2012	5,637	2,907

2013	5,716	2,880
2014	5,827	3,083

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted) for the past five Fiscal Years

<u>Fiscal Year (June 30)</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2010	367,021	1,575	368,596
2011	375,332	1,700	377,032
2012	384,393	1,339	385,732
2013	377,840	1,297	379,137
2014	380,190	985	381,175

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, 2015.

Customer	Consumption Gallons	Revenue
PNGI CT GAMING	50,039,000	\$192,591
HOLIDAY INN EXPRESS	4,123,000	\$23,565
WILLOW TREE MANOR	3,609,000	\$21,453
PNGI CT GAMING	3,498,000	\$13,526
HAMPTON INN	3,471,700	\$20,953
APPLE TREE GARDEN APTS	2,920,100	\$24,374
UNIWEST CAR WASH LLC	2,387,000	\$14,214
CHARLES TOWERS ASSOC	2,186,000	\$20,526
JEFFERSON MEMORIAL	2,124,000	\$12,881
GANTT MILLER	2,020,000	\$20,067

The following tables set forth the **ten largest customers of each respective sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2015.

SEWER - City of Charles Town

Customer	Consumption Gallons	Revenue
WILLOW TREE MANOR	3,649,000	\$25,995
CHARLES TOWER ASSOC	2,057,500	\$23,457
GANTT MILLER	1,780,000	\$22,589
JEFFERSON CO BOARD OF ED	1,340,000	\$15,439
WHALE OF A WASH	1,155,600	\$8,574

UNITED BANK	751,100	\$5,748
WENDYS	518,400	\$4,103
JEFFERSON CO BOARD OF ED	506,200	\$3,938
MIRTA QSR KNE LLC	451,700	\$3,650
FRITTS RUSSEL J	424,000	\$4,054

SEWER - Willow Spring

Customer	Consumption Gallons	Revenue
WILLOW SPRING FARM APTS 2	1,369,000	\$15,790
SPARTI LLC	1,225,400	\$14,121
RUBY TUESDAYS	1,192,000	\$13,737
WEST RIDGE INN	1,180,000	\$13,599
WILLOW SPRING FARM APTS 3	1,160,000	\$13,944
CT LMTD PART. 6	897,300	\$10,348
GOLDS GYM	766,900	\$8,848
WILLOW SPRING FARM APTS 1	730,000	\$11,667
SHEETZ	697,100	\$8,144
WILLOW SPRING FARM APTS 5	667,800	\$10,004

SEWER - Sanitary Assc.

Customer	Consumption Gallons	Revenue
WALMART	1,615,200	\$11,554
SPRING RUN APTS	1,233,000	\$10,789
LAUNDRY HOUSE	762,000	\$5,611
CHINA FORTUNE	454,700	\$3,452
PATRICK HENRY APTS 6	257,600	\$2,839
PATRICK HENRY APTS 5	210,600	\$2,839
PATRICK HENRY APTS 2	182,900	\$2,271
PATRICK HENRY APTS 1	153,300	\$2,271
PATRICK HENRY APTS 4	150,700	\$2,839
PATRICK HENRY APTS 3	134,800	\$1,420

Prepayment Agreement

City of Charles Town
Combined Waterworks and Sewerage System Refunding Revenue Bonds,
Series 2015 B (Bank-Qualified)

PREPAYMENT AGREEMENT
FOR
SERIES 2009 A BONDS

This **PREPAYMENT AGREEMENT** (the "Agreement"), made and entered into as of November 19, 2015, by and between the **CITY OF CHARLES TOWN** (the "Issuer") and the **WEST VIRGINIA MUNICIPAL BOND COMMISSION** (the "Prepayment Agent").

WITNESETH THAT:

WHEREAS, the Issuer presently owns and operates a 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 2015 B (Bank-Qualified), dated November 19, 2015, in the aggregate principal amount of \$4,355,000 (the "Series 2015 B Bonds") and contemporaneously therewith pay its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 of which the principal amount of \$4,965,000 is currently outstanding (the "Series 2009 A Bonds");

WHEREAS, the Issuer intends to pay all of the Series 2009 A Bonds currently outstanding by depositing with the Prepayment Agent on November 19, 2015 (the "Closing Date") a portion of the proceeds of the Series 2015 B Bonds in the amount of \$4,299,505.27 and moneys on deposit in various accounts relating to the Series 2009 A Bonds, held by the Prepayment Agent in the amount of \$702,515.44, which amounts will be deposited by the Prepayment Agent into an account to be created and known as the "Series 2009 A Bonds Prepayment Fund";

WHEREAS, the amount deposited in the Series 2009 A Bonds Prepayment Fund from the Series 2015 B Bonds in the amount of \$4,299,505.27, the Series 2009 A Bonds Sinking Fund transfer in the amount of \$45,349.43 and the Series 2009 A Bonds Reserve Account transfer in the amount of \$657,166.01 for a total amount of \$5,002,020.71 shall be known as the "Series 2009 A Redemption Deposit Amount";

WHEREAS, the Series 2009 A Redemption Deposit Amount is in such amount as to insure the payment on December 1, 2015 (the "Redemption Date"), pursuant to the Bond Ordinance duly enacted by the Issuer on August 17, 2015, as supplemented by Supplemental Parameters Resolution duly adopted on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (collectively, the "Ordinance"), of the entire principal amount of the Series 2009 A Bonds then outstanding, and all interest accrued thereon (collectively, the "Series 2009 A Redemption Price");

WHEREAS, on or before one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Series 2009 A Redemption Price in order that the payment can be effected to the registered owner(s) of the Series 2009 A Bonds upon presentation of such Series 2009 A Bonds for payment in accordance with the Ordinance;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 2009 A Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Series 2009 A Bonds

1. The Prepayment Agent shall create the Series 2009 A Bonds Prepayment Fund separate and apart from all other funds or accounts of the Prepayment Agent.

2. The Issuer shall deposit an amount of \$4,299,505.27 from Series 2015 B Bonds proceeds with the Prepayment Agent on the Closing Date and such amount shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited by the Prepayment Agent in the Series 2009 A Bonds Prepayment Fund.

3. The Prepayment Agent shall transfer an amount of \$45,349.43 from the Series 2009 A Bonds Sinking Fund to the Series 2009 A Bonds Prepayment Fund.

4. The Prepayment Agent shall transfer an amount of \$657,166.01 from the Series 2009 A Bonds Reserve Account to the Series 2009 A Bonds Prepayment Fund.

5. Surplus amounts remaining in the Series 2009 A Bonds Sinking Fund and/or Series 2009 A Bonds Reserve Account shall be applied, first, to fees due and owing the Prepayment Agent with respect to the Series 2009 A Bonds and, second, transferred by the Prepayment Agent for deposit into the Series 2015 B Bonds Sinking Fund.

6. The Series 2009 A Redemption Deposit Amount shall be sufficient to pay the Series 2009 A Redemption Price in full on the Redemption Date.

7. A notice of redemption was provided on October 26, 2015 to The Depository Trust Company as the registered owner of the Series 2009 A Bonds, which date is not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the Series 2009 A Bonds.

8. The holders of the Series 2009 A Bonds shall have an express lien on all moneys and assets in the Series 2009 A Bonds Sinking Fund, including the Series 2009 A Bonds Reserve Account therein, until paid out, used and applied in accordance with this Agreement.

9. At least one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Series 2009 A Redemption Amount in order that the payment of the Series 2009 A Redemption Price can be made to the registered owners of the Series 2009 A Bonds upon presentation of such Series 2009 A Bonds for payment in accordance with the Ordinance.

This Agreement shall terminate on the earlier of the date on which all the Outstanding Series 2009 A Bonds have been redeemed, paid in full and discharged, or on the second anniversary of the date of this Agreement. Upon termination of this Agreement, and provided that all of the Series 2009

A Bonds have been redeemed, any moneys relating to the Series 2009 A Bonds remaining after payment of fees of the Prepayment Agent shall be transferred by the Prepayment Agent for deposit into the Series 2015 B Bonds Sinking Fund.

In the event that any of the Series 2009 A Bonds have not been redeemed as of the termination of this Agreement or the second anniversary of the date hereof and any funds remain on deposit with the Prepayment Agent upon such termination, such funds shall be returned to the Issuer to be distributed pursuant to the terms of the legislation for the Series 2009 A Bonds.

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.

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

[Remainder of Page Intentionally Blank]

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

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

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By:  _____
Its: Authorized Representative

[to be sent via electronic mail or by any means as the Depository Trust Company or any holder of the Bonds shall require, to EMMA and the Depository Trust Company at least 30 days and not more than 60 days prior to the Redemption Date]

NOTICE OF REDEMPTION
ON DECEMBER 1, 2015
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 2009 A

Notice is hereby given that, the City of Charles Town (the "Issuer"), will issue its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, (the "Series 2015 B Bonds"), dated November 19, 2015, in the principal amount sufficient to currently refund the entire outstanding principal amount of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 (the "Series 2009 A Bonds") in accordance with the redemption provisions of a bond ordinance enacted by the Issuer on July 6, 2009, as supplemented by the Supplemental Resolution adopted by the Issuer on July 20, 2009 (collectively, the "Series 2009 A Bond Ordinance"). The Series 2009 A Bonds are to be redeemed in their entirety on December 1, 2015 (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 100% of par (the "Redemption Price"), and accrued interest to the redemption date as follows:

<u>Bond No.</u>	<u>Cusip No.*</u>	<u>Unpaid Principal</u>	<u>Redemption Price</u>	<u>Principal Redemption</u>
AR-7	160028 CD6	\$320,000	100%	\$320,000
AR-8	160028 CE4	\$325,000	100%	\$325,000
AR-9	160028 CF1	\$340,000	100%	\$340,000
AR-10	160028 CG9	\$355,000	100%	\$355,000
AR-11	160028 CH7	\$370,000	100%	\$370,000
AR-12	160028 CJ3	\$380,000	100%	\$380,000
AR-13	160028 CK0	\$395,000	100%	\$395,000
AR-14	160028 CL8	\$425,000	100%	\$425,000
AR-15	160028 CM6	\$890,000	100%	\$890,000
AR-16	160028 CN4	\$1,165,000	100%	\$1,165,000

On the Redemption Date the Redemption Price and all interest accrued on the Series 2009 A Bonds will become due and payable upon the Series 2009 A Bonds and interest thereon shall cease to accrue from and after said date. On the Redemption Date there will be on deposit with the West Virginia Municipal Bond Commission (the "Paying Agent") for the Series 2009 A Bonds an amount sufficient to pay, on the Redemption Date, the Redemption Price of the Series 2009 A Bonds and the interest accrued and to accrue thereon.

The redemption described above is conditional on and subject to there being on deposit in the applicable funds and accounts with the Paying Agent on the Redemption Date sufficient moneys to pay the full Redemption Price of the Series 2009 A Bonds. If such redemption moneys are not on deposit on the Redemption Date, this notice shall be of no force and effect, the Series 2009 A Bonds shall not be redeemed pursuant hereto, and the Paying Agent shall give notice that such moneys were not received. Failure to make such deposit shall not constitute a default under the Series 2009 A Bond Ordinance.

All Series 2009 A Bonds outstanding may be surrendered for payment and delivered to the Paying Agent at the following address:

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attention: Corporate Trust Department

These securities will become due and payable on the Redemption Date at the office of the Paying Agent as indicated above.

Date of Notice: October 26, 2015

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.*

CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING
REVENUE BONDS, SERIES 2009 A

RECEIPT AND RELEASE OF SERIES 2009 A BONDS

The undersigned authorized representative of the West Virginia Municipal Bond Commission (the "Paying Agent") hereby certifies this 19th day of November, 2015 as follows:

On the 19th day of November, 2015, the Paying Agent received the Paying Agent fee in the amount of \$1,030.43 and the sum of \$4,299,505.27 from the proceeds of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B issued by the City of Charles Town (the "Issuer") and such amount, together with funds then on deposit with the Paying Agent in the Series 2009 A Bonds Sinking Fund in the amount of \$45,349.43 and the Series 2009 A Bonds Reserve Account in the amount of \$657,166.01 (total of \$5,003,051.14) will be sufficient to: (i) pay the entire outstanding principal of, premium on, and all accrued interest on the City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 A, dated December 1, 2009, issued in the original aggregate principal amount of \$7,120,000 (the "Series 2009 A Bonds"), on December 1, 2015, the Redemption Date for the Series 2009 A Bonds, (ii) pay the fees of the Paying Agent; and (iii) discharge the liens, pledges and encumbrances securing such Series 2009 A Bonds.

WITNESS my signature the day and year first written above.

WEST VIRGINIA MUNICIPAL
BOND COMMISSION

By: 

Its Authorized Representative



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]

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.

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 19th day of November, 2015, 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 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of \$4,355,000 (the "Series 2015 B Bonds"), in fully registered form pursuant to a Bond Ordinance enacted August 17, 2015, as supplemented by a Supplemental Parameters Resolution adopted September 21, 2015 (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 2015 B 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.

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

UNITED BANK, INC.

By: 
Its: Authorized Officer

EXHIBIT A

Bond Legislation

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

FEE SCHEDULE

(On File with Issuer)

WV MUNICIPAL BOND COMMISSION

State Lottery Building
900 Pennsylvania Avenue, Sutes 1117
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 11/19/15

ISSUE: City of Charles Town
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

ADDRESS: 101 East Washington Street, Charles Town, WV 25414 COUNTY: Jefferson

PURPOSE OF ISSUE:

New Money: _____
Refunding: x

REFUNDS ISSUE(S) DATED: 12/1/2009

ISSUE DATE: 11/19/15

CLOSING DATE: 11/19/15

ISSUE AMOUNT: \$4,355,000

RATE: 1.5%-4.0%

1ST DEBT SERVICE DUE: 04/01/16

1ST PRINCIPAL DUE: 10/01/16

1ST DEBT SERVICE AMOUNT \$41,149.17

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:

Firm: Steptoe & Johnson PLLC
Contact: John 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
Phone: 304.348.8427

ESCROW TRUSTEE:

Firm: _____
Contact: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact: Peggy Smith
Position: Mayor
Phone: 304.725.2311

OTHER:

Agency: Crews & Associates, Inc.
300 Summers St., Charleston WV
Contact: Greg Isaacs
Position: Senior Managing Director
Phone: 304.344.1733

DEPOSITS TO MBC AT CLOSE

By: x Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
x Other: Escrow Fund \$ 4,299,505.27

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire _____
_____ Check _____
x IGT _____
To Escrow Trustee \$ _____
To Issuer \$ _____
To Cons. Invest. Fund \$ _____
x To Other: Escrow \$ 657,166.01
Escrow \$ 45,349.43

NOTES: The Series 2015 B Bonds Reserve Account will be funded with a Surety Bond.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

Final

\$7,105,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds

Total Issue Sources And Uses

Dated 11/19/2015 | Delivered 11/19/2015

	Series 2015A	Series 2015B	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$2,750,000.00	\$4,355,000.00	\$7,105,000.00
Transfers from Prior Issue DSR Funds	259,101.49	657,166.01	916,267.50
Transfers from Prior Issue Debt Service Funds	176,543.75	45,349.43	221,893.18
Reoffering Premium	56,804.30	118,221.75	175,026.05
Total Sources	\$3,242,449.54	\$5,175,737.19	\$8,418,186.73
Uses Of Funds			
Deposit to Current Refunding Fund	3,132,026.25	5,002,020.71	8,134,046.96
Total Underwriter's Discount (1.625%)	44,687.50	70,768.75	115,456.25
Costs of Issuance	38,958.27	61,695.73	100,654.00
Gross Bond Insurance Premium	17,767.08	26,031.43	43,798.51
Surety Bond	6,871.32	13,973.38	20,844.70
Rounding Amount	2,139.12	1,247.19	3,386.31
Total Uses	\$3,242,449.54	\$5,175,737.19	\$8,418,186.73

Final

\$7,105,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds

Proof of Premium/5Yr Call Bond Selection of Call Dates/Prices

Maturity	Call Date	Call Price	PV at Bond Yield	Lowest?
10/01/2022	-	-	359,881.92	No
10/01/2022	10/01/2021	100.000%	358,548.39	Yes
12/01/2022	-	-	154,325.19	No
12/01/2022	12/01/2021	100.000%	153,756.09	Yes
10/01/2023	-	-	376,661.32	No
10/01/2023	10/01/2021	100.000%	373,914.75	Yes
12/01/2023	-	-	160,042.73	No
12/01/2023	12/01/2021	100.000%	158,881.29	Yes
10/01/2024	-	-	417,933.30	No
10/01/2024	10/01/2021	100.000%	404,475.30	Yes
12/01/2024	-	-	165,782.45	No
12/01/2024	12/01/2021	100.000%	164,006.49	Yes
10/01/2025	-	-	405,249.75	No
10/01/2025	10/01/2021	100.000%	399,525.34	Yes
12/01/2025	-	-	166,345.07	No
12/01/2025	12/01/2021	100.000%	164,006.49	Yes
12/01/2026	-	-	172,109.04	No
12/01/2026	12/01/2021	100.000%	169,131.70	Yes
12/01/2027	-	-	177,892.72	No
12/01/2027	12/01/2021	100.000%	174,256.90	Yes
12/01/2030	-	-	616,939.60	No
12/01/2030	12/01/2021	100.000%	584,324.55	Yes

Final

\$7,105,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
11/19/2015	-	-	-
04/01/2016	-	41,149.17	41,149.17
06/01/2016	-	40,460.00	40,460.00
10/01/2016	295,000.00	56,112.50	351,112.50
12/01/2016	130,000.00	37,931.25	167,931.25
04/01/2017	-	53,162.50	53,162.50
06/01/2017	-	36,631.25	36,631.25
10/01/2017	320,000.00	53,162.50	373,162.50
12/01/2017	135,000.00	36,631.25	171,631.25
04/01/2018	-	49,962.50	49,962.50
06/01/2018	-	35,281.25	35,281.25
10/01/2018	330,000.00	49,962.50	379,962.50
12/01/2018	140,000.00	35,281.25	175,281.25
04/01/2019	-	46,662.50	46,662.50
06/01/2019	-	33,881.25	33,881.25
10/01/2019	335,000.00	46,662.50	381,662.50
12/01/2019	140,000.00	33,881.25	173,881.25
04/01/2020	-	44,150.00	44,150.00
06/01/2020	-	32,831.25	32,831.25
10/01/2020	340,000.00	44,150.00	384,150.00
12/01/2020	145,000.00	32,831.25	177,831.25
04/01/2021	-	41,175.00	41,175.00
06/01/2021	-	31,562.50	31,562.50
10/01/2021	1,825,000.00	41,175.00	1,866,175.00
12/01/2021	1,660,000.00	31,562.50	1,691,562.50
04/01/2022	-	13,650.00	13,650.00
06/01/2022	-	6,000.00	6,000.00
10/01/2022	-	13,650.00	13,650.00
12/01/2022	-	6,000.00	6,000.00
04/01/2023	-	13,650.00	13,650.00
06/01/2023	-	6,000.00	6,000.00
10/01/2023	-	13,650.00	13,650.00
12/01/2023	-	6,000.00	6,000.00
04/01/2024	-	13,650.00	13,650.00
06/01/2024	-	6,000.00	6,000.00
10/01/2024	-	13,650.00	13,650.00
12/01/2024	-	6,000.00	6,000.00
04/01/2025	-	13,650.00	13,650.00
06/01/2025	-	6,000.00	6,000.00
10/01/2025	-	13,650.00	13,650.00
12/01/2025	-	6,000.00	6,000.00
04/01/2026	-	13,650.00	13,650.00
06/01/2026	-	6,000.00	6,000.00
10/01/2026	400,000.00	13,650.00	413,650.00
12/01/2026	-	6,000.00	6,000.00
04/01/2027	-	7,650.00	7,650.00
06/01/2027	-	6,000.00	6,000.00
10/01/2027	250,000.00	7,650.00	257,650.00
12/01/2027	-	6,000.00	6,000.00
04/01/2028	-	3,900.00	3,900.00
06/01/2028	-	6,000.00	6,000.00
10/01/2028	260,000.00	3,900.00	263,900.00
12/01/2028	-	6,000.00	6,000.00
06/01/2029	-	6,000.00	6,000.00
12/01/2029	-	6,000.00	6,000.00
06/01/2030	-	6,000.00	6,000.00
12/01/2030	-	6,000.00	6,000.00
06/01/2031	-	6,000.00	6,000.00
12/01/2031	195,000.00	6,000.00	201,000.00
06/01/2032	-	3,075.00	3,075.00
12/01/2032	205,000.00	3,075.00	208,075.00
Total	\$7,105,000.00	\$1,272,002.92	\$8,377,002.92

Charles Town W&S Refundin | Issue Summary | 10/20/2015 | 12:11 PM

Crews & Associates, Inc.
Capital Markets Group

Final

\$7,105,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds

Proof Of Bond Yield @ 2.5494697%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/19/2015	-	1.000000x	-	-
04/01/2016	41,149.17	0.9907540x	40,768.71	40,768.71
06/01/2016	40,460.00	0.9865796x	39,917.01	80,685.72
10/01/2016	351,112.50	0.9782835x	343,487.57	424,173.29
12/01/2016	167,931.25	0.9741617x	163,592.18	587,765.47
04/01/2017	53,162.50	0.9659700x	51,353.38	639,118.85
06/01/2017	36,631.25	0.9619000x	35,235.60	674,354.45
10/01/2017	373,162.50	0.9538114x	355,926.64	1,030,281.09
12/01/2017	171,631.25	0.9497926x	163,014.10	1,193,295.19
04/01/2018	49,962.50	0.9418059x	47,054.98	1,240,350.16
06/01/2018	35,281.25	0.9378377x	33,088.09	1,273,438.25
10/01/2018	379,962.50	0.9299514x	353,346.68	1,626,784.93
12/01/2018	175,281.25	0.9260332x	162,316.26	1,789,101.19
04/01/2019	46,662.50	0.9182462x	42,847.67	1,831,948.85
06/01/2019	33,881.25	0.9143773x	30,980.25	1,862,929.10
10/01/2019	381,662.50	0.9066884x	346,048.95	2,208,978.05
12/01/2019	173,881.25	0.9028682x	156,991.85	2,365,969.90
04/01/2020	44,150.00	0.8952760x	39,526.43	2,405,496.33
06/01/2020	32,831.25	0.8915039x	29,269.19	2,434,765.52
10/01/2020	384,150.00	0.8840072x	339,591.38	2,774,356.89
12/01/2020	177,831.25	0.8802826x	156,541.75	2,930,898.64
04/01/2021	41,175.00	0.8728803x	35,940.85	2,966,839.49
06/01/2021	31,562.50	0.8692026x	27,434.21	2,994,273.70
10/01/2021	1,866,175.00	0.8618935x	1,608,444.03	4,602,717.72
12/01/2021	1,691,562.50	0.8582620x	1,451,803.80	6,054,521.52
04/01/2022	13,650.00	0.8510449x	11,616.76	6,066,138.29
06/01/2022	6,000.00	0.8474591x	5,084.75	6,071,223.04
10/01/2022	13,650.00	0.8403329x	11,470.54	6,082,693.59
12/01/2022	6,000.00	0.8367923x	5,020.75	6,087,714.34
04/01/2023	13,650.00	0.8297557x	11,326.17	6,099,040.50
06/01/2023	6,000.00	0.8262596x	4,957.56	6,103,998.06
10/01/2023	13,650.00	0.8193116x	11,183.60	6,115,181.67
12/01/2023	6,000.00	0.8158596x	4,895.16	6,120,076.82
04/01/2024	13,650.00	0.8089990x	11,042.84	6,131,119.66
06/01/2024	6,000.00	0.8055904x	4,833.54	6,135,953.20
10/01/2024	13,650.00	0.7988163x	10,903.84	6,146,857.05
12/01/2024	6,000.00	0.7954506x	4,772.70	6,151,629.75
04/01/2025	13,650.00	0.7887616x	10,766.60	6,162,396.35
06/01/2025	6,000.00	0.7854383x	4,712.63	6,167,108.98
10/01/2025	13,650.00	0.7788336x	10,631.08	6,177,740.05
12/01/2025	6,000.00	0.7755521x	4,653.31	6,182,393.37
04/01/2026	13,650.00	0.7690305x	10,497.27	6,192,890.63
06/01/2026	6,000.00	0.7657903x	4,594.74	6,197,485.37
10/01/2026	413,650.00	0.7593508x	314,105.44	6,511,590.82

Final

\$7,105,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds

Proof Of Bond Yield @ 2.5494697%

Part 2 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/01/2026	6,000.00	0.7561513x	4,536.91	6,516,127.73
04/01/2027	7,650.00	0.7497929x	5,735.92	6,521,863.64
06/01/2027	6,000.00	0.7466337x	4,479.80	6,526,343.44
10/01/2027	257,650.00	0.7403553x	190,752.55	6,717,096.00
12/01/2027	6,000.00	0.7372359x	4,423.42	6,721,519.41
04/01/2028	3,900.00	0.7310366x	2,851.04	6,724,370.45
06/01/2028	6,000.00	0.7279564x	4,367.74	6,728,738.19
10/01/2028	263,900.00	0.7218351x	190,492.27	6,919,230.47
12/01/2028	6,000.00	0.7187937x	4,312.76	6,923,543.23
06/01/2029	6,000.00	0.7097463x	4,258.48	6,927,801.71
12/01/2029	6,000.00	0.7008128x	4,204.88	6,932,006.58
06/01/2030	6,000.00	0.6919918x	4,151.95	6,936,158.53
12/01/2030	6,000.00	0.6832817x	4,099.69	6,940,258.22
06/01/2031	6,000.00	0.6746813x	4,048.09	6,944,306.31
12/01/2031	201,000.00	0.6661892x	133,904.03	7,078,210.34
06/01/2032	3,075.00	0.6578039x	2,022.75	7,080,233.09
12/01/2032	208,075.00	0.6495242x	135,149.75	7,215,382.84
Total	\$8,377,002.92	-	\$7,215,382.84	-

Derivation Of Target Amount

Par Amount of Bonds	\$7,105,000.00
Reoffering Premium or (Discount)	175,026.05
Bond Insurance Premium	(43,798.51)
Other Credit Enhancement Fees	(20,844.70)
Original Issue Proceeds	\$7,215,382.84

Final

\$7,105,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
11/19/2015	-	-	-	-	-
10/01/2016	295,000.00	101.077%	298,177.15	0.8666667x	258,420.20
12/01/2016	130,000.00	101.284%	131,669.20	1.0333333x	136,058.17
10/01/2017	320,000.00	101.844%	325,900.80	1.8666667x	608,348.16
12/01/2017	135,000.00	102.007%	137,709.45	2.0333333x	280,009.22
10/01/2018	330,000.00	102.104%	336,943.20	2.8666667x	965,903.84
12/01/2018	140,000.00	102.225%	143,115.00	3.0333333x	434,115.50
10/01/2019	335,000.00	100.000%	335,000.00	3.8666667x	1,295,333.33
12/01/2019	140,000.00	100.000%	140,000.00	4.0333333x	564,666.67
10/01/2020	340,000.00	100.000%	340,000.00	4.8666667x	1,654,666.67
12/01/2020	145,000.00	100.000%	145,000.00	5.0333333x	729,833.33
10/01/2021	345,000.00	100.000%	345,000.00	5.8666667x	2,024,000.00
12/01/2021	145,000.00	100.000%	145,000.00	6.0333333x	874,833.33
10/01/2022	350,000.00	105.508%	369,278.00	6.8666667x	2,535,708.93
12/01/2022	150,000.00	105.656%	158,484.00	7.0333333x	1,114,670.80
10/01/2023	365,000.00	104.941%	383,034.65	7.8666667x	3,013,205.91
12/01/2023	155,000.00	105.074%	162,864.70	8.0333333x	1,308,346.42
10/01/2024	375,000.00	111.017%	416,313.75	8.8666667x	3,691,315.25
12/01/2024	160,000.00	104.496%	167,193.60	9.0333333x	1,510,315.52
10/01/2025	390,000.00	103.541%	403,809.90	9.8666667x	3,984,257.68
12/01/2025	160,000.00	103.635%	165,816.00	10.0333333x	1,663,687.20
10/01/2026	400,000.00	101.073%	404,292.00	10.8666667x	4,393,306.40
12/01/2026	165,000.00	102.783%	169,591.95	11.0333333x	1,871,164.52
10/01/2027	250,000.00	101.073%	252,682.50	11.8666667x	2,998,499.00
12/01/2027	170,000.00	101.659%	172,820.30	12.0333333x	2,079,604.28
10/01/2028	260,000.00	101.073%	262,789.80	12.8666667x	3,381,228.76
12/01/2028	180,000.00	104.142%	187,455.60	13.0333333x	2,443,171.32
12/01/2029	185,000.00	104.142%	192,662.70	14.0333333x	2,703,699.89
12/01/2030	190,000.00	104.142%	197,869.80	15.0333333x	2,974,642.66
12/01/2031	195,000.00	97.388%	189,906.60	16.0333333x	3,044,835.82
12/01/2032	205,000.00	97.388%	199,645.40	17.0333333x	3,400,626.65
Total	\$7,105,000.00	-	\$7,280,026.05	-	\$57,938,475.43

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	7.959 Years
Total Interest from Debt Service	1,654,702.92
Reoffering (Premium) or Discount	(175,026.05)
Total Interest	1,479,676.87
NIC = Interest / (Issue Price * Average Maturity)	2.5538761%
Bond Yield for Arbitrage Purposes	2.5494697%

Charles Town W&S Refundin | Issue Summary | 10/20/2015 | 12:11 PM

Crews & Associates, Inc.
Capital Markets Group

Final

\$2,750,000

City of Charles Town WV

Combined Waterworks and Sewerage Sys Ref Rev

Series 2015A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2015	-	-	-	-
12/01/2016	130,000.00	2.000%	78,391.25	208,391.25
12/01/2017	135,000.00	2.000%	73,262.50	208,262.50
12/01/2018	140,000.00	2.000%	70,562.50	210,562.50
12/01/2019	140,000.00	1.500%	67,762.50	207,762.50
12/01/2020	145,000.00	1.750%	65,662.50	210,662.50
12/01/2021	145,000.00	2.000%	63,125.00	208,125.00
12/01/2022	150,000.00	3.000%	60,225.00	210,225.00
12/01/2023	155,000.00	3.000%	55,725.00	210,725.00
12/01/2024	160,000.00	3.000%	51,075.00	211,075.00
12/01/2025	160,000.00	3.000%	46,275.00	206,275.00
12/01/2026	165,000.00	3.000%	41,475.00	206,475.00
12/01/2027	170,000.00	3.000%	36,525.00	206,525.00
12/01/2028	180,000.00	3.500%	31,425.00	211,425.00
12/01/2029	185,000.00	3.500%	25,125.00	210,125.00
12/01/2030	190,000.00	3.500%	18,650.00	208,650.00
12/01/2031	195,000.00	3.000%	12,000.00	207,000.00
12/01/2032	205,000.00	3.000%	6,150.00	211,150.00
Total	\$2,750,000.00	-	\$803,416.25	\$3,553,416.25

Yield Statistics

Bond Year Dollars	\$26,636.67
Average Life	9.686 Years
Average Coupon	3.0162042%
Net Interest Cost (NIC)	2.9707150%
True Interest Cost (TIC)	2.9429787%
Bond Yield for Arbitrage Purposes	2.5494697%
All Inclusive Cost (AIC)	3.2301651%

IRS Form 8038

Net Interest Cost	2.7515450%
Weighted Average Maturity	9.667 Years

Final

\$2,750,000

City of Charles Town WV

Combined Waterworks and Sewerage Sys Ref Rev

Series 2015A

Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	OLD D/S	Savings
12/01/2015	-	-	-	-	10,482.50	10,482.50
12/01/2016	130,000.00	2.000%	78,391.25	208,391.25	259,050.00	50,658.75
12/01/2017	135,000.00	2.000%	73,262.50	208,262.50	258,830.00	50,567.50
12/01/2018	140,000.00	2.000%	70,562.50	210,562.50	258,392.50	47,830.00
12/01/2019	140,000.00	1.500%	67,762.50	207,762.50	257,412.50	49,650.00
12/01/2020	145,000.00	1.750%	65,662.50	210,662.50	256,202.50	45,540.00
12/01/2021	145,000.00	2.000%	63,125.00	208,125.00	254,762.50	46,637.50
12/01/2022	150,000.00	3.000%	60,225.00	210,225.00	258,092.50	47,867.50
12/01/2023	155,000.00	3.000%	55,725.00	210,725.00	255,962.50	45,237.50
12/01/2024	160,000.00	3.000%	51,075.00	211,075.00	258,362.50	47,287.50
12/01/2025	160,000.00	3.000%	46,275.00	206,275.00	255,287.50	49,012.50
12/01/2026	165,000.00	3.000%	41,475.00	206,475.00	256,975.00	50,500.00
12/01/2027	170,000.00	3.000%	36,525.00	206,525.00	258,187.50	51,662.50
12/01/2028	180,000.00	3.500%	31,425.00	211,425.00	253,925.00	42,500.00
12/01/2029	185,000.00	3.500%	25,125.00	210,125.00	254,425.00	44,300.00
12/01/2030	190,000.00	3.500%	18,650.00	208,650.00	254,450.00	45,800.00
12/01/2031	195,000.00	3.000%	12,000.00	207,000.00	259,000.00	52,000.00
12/01/2032	205,000.00	3.000%	6,150.00	211,150.00	257,250.00	46,100.00
Total	\$2,750,000.00	-	\$803,416.25	\$3,553,416.25	\$4,377,050.00	\$823,633.75

PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	843,141.63
Transfers from Prior Issue Debt Service Fund	(176,543.75)
Transfers from Prior Issue DSR Fund	(259,101.49)
Net Present Value Benefit	\$407,496.39
Net PV Benefit / \$3,060,000 Refunded Principal	13.317%
Net PV Benefit / \$2,750,000 Refunding Principal	14.818%

Refunding Bond Information

Refunding Dated Date	11/19/2015
Refunding Delivery Date	11/19/2015

Final

\$2,750,000

City of Charles Town WV

Combined Waterworks and Sewerage Sys Ref Rev

Series 2015A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2016	Serial Coupon	2.000%	0.750%	130,000.00	101.284%	-	-	-	131,669.20
12/01/2017	Serial Coupon	2.000%	1.000%	135,000.00	102.007%	-	-	-	137,709.45
12/01/2018	Serial Coupon	2.000%	1.250%	140,000.00	102.225%	-	-	-	143,115.00
12/01/2019	Serial Coupon	1.500%	1.500%	140,000.00	100.000%	-	-	-	140,000.00
12/01/2020	Serial Coupon	1.750%	1.750%	145,000.00	100.000%	-	-	-	145,000.00
12/01/2021	Serial Coupon	2.000%	2.000%	145,000.00	100.000%	-	-	-	145,000.00
12/01/2022	Serial Coupon	3.000%	2.000%	150,000.00	105.656% c	2.130%	12/01/2021	100.000%	158,484.00
12/01/2023	Serial Coupon	3.000%	2.100%	155,000.00	105.074% c	2.304%	12/01/2021	100.000%	162,864.70
12/01/2024	Serial Coupon	3.000%	2.200%	160,000.00	104.496% c	2.442%	12/01/2021	100.000%	167,193.60
12/01/2025	Serial Coupon	3.000%	2.350%	160,000.00	103.635% c	2.586%	12/01/2021	100.000%	165,816.00
12/01/2026	Serial Coupon	3.000%	2.500%	165,000.00	102.783% c	2.706%	12/01/2021	100.000%	169,591.95
12/01/2027	Serial Coupon	3.000%	2.700%	170,000.00	101.659% c	2.836%	12/01/2021	100.000%	172,820.30
12/01/2030	Term 1 Coupon	3.500%	2.750%	555,000.00	104.142% c	3.152%	12/01/2021	100.000%	577,988.10
12/01/2032	Term 2 Coupon	3.000%	3.200%	400,000.00	97.388%	-	-	-	389,552.00
Total		-	-	\$2,750,000.00	-	-	-	-	\$2,806,804.30

Bid Information

Par Amount of Bonds	\$2,750,000.00
Reoffering Premium or (Discount)	56,804.30
Gross Production	\$2,806,804.30
Total Underwriter's Discount (1.625%)	\$(44,687.50)
Bid (100.441%)	2,762,116.80
Total Purchase Price	\$2,762,116.80
Bond Year Dollars	\$26,636.67
Average Life	9.686 Years
Average Coupon	3.0162042%
Net Interest Cost (NIC)	2.9707150%
True Interest Cost (TIC)	2.9429787%

Final

\$3,825,000.00

City of Charles Town WV

Combined Waterworks and Sewerage Sys Ref Rev

Series 2002C

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/19/2015	-	-	-	-	-	-	-
12/01/2015	3,060,000.00	72,026.25	3,132,026.25	115,000.00	4.350%	72,026.25	187,026.25
06/01/2016	-	-	-	-	-	69,525.00	69,525.00
12/01/2016	-	-	-	120,000.00	4.350%	69,525.00	189,525.00
06/01/2017	-	-	-	-	-	66,915.00	66,915.00
12/01/2017	-	-	-	125,000.00	4.350%	66,915.00	191,915.00
06/01/2018	-	-	-	-	-	64,196.25	64,196.25
12/01/2018	-	-	-	130,000.00	4.600%	64,196.25	194,196.25
06/01/2019	-	-	-	-	-	61,206.25	61,206.25
12/01/2019	-	-	-	135,000.00	4.600%	61,206.25	196,206.25
06/01/2020	-	-	-	-	-	58,101.25	58,101.25
12/01/2020	-	-	-	140,000.00	4.600%	58,101.25	198,101.25
06/01/2021	-	-	-	-	-	54,881.25	54,881.25
12/01/2021	-	-	-	145,000.00	4.600%	54,881.25	199,881.25
06/01/2022	-	-	-	-	-	51,546.25	51,546.25
12/01/2022	-	-	-	155,000.00	4.600%	51,546.25	206,546.25
06/01/2023	-	-	-	-	-	47,981.25	47,981.25
12/01/2023	-	-	-	160,000.00	4.750%	47,981.25	207,981.25
06/01/2024	-	-	-	-	-	44,181.25	44,181.25
12/01/2024	-	-	-	170,000.00	4.750%	44,181.25	214,181.25
06/01/2025	-	-	-	-	-	40,143.75	40,143.75
12/01/2025	-	-	-	175,000.00	4.750%	40,143.75	215,143.75
06/01/2026	-	-	-	-	-	35,987.50	35,987.50
12/01/2026	-	-	-	185,000.00	4.750%	35,987.50	220,987.50
06/01/2027	-	-	-	-	-	31,593.75	31,593.75
12/01/2027	-	-	-	195,000.00	4.750%	31,593.75	226,593.75
06/01/2028	-	-	-	-	-	26,962.50	26,962.50
12/01/2028	-	-	-	200,000.00	4.750%	26,962.50	226,962.50
06/01/2029	-	-	-	-	-	22,212.50	22,212.50
12/01/2029	-	-	-	210,000.00	4.750%	22,212.50	232,212.50
06/01/2030	-	-	-	-	-	17,225.00	17,225.00
12/01/2030	-	-	-	220,000.00	4.750%	17,225.00	237,225.00
06/01/2031	-	-	-	-	-	12,000.00	12,000.00
12/01/2031	-	-	-	235,000.00	5.000%	12,000.00	247,000.00
06/01/2032	-	-	-	-	-	6,125.00	6,125.00
12/01/2032	-	-	-	245,000.00	5.000%	6,125.00	251,125.00
Total	\$3,060,000.00	\$72,026.25	\$3,132,026.25	\$3,060,000.00	-	\$1,493,593.75	\$4,553,593.75

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	11/19/2015
Average Life	9.725 Years
Average Coupon	4.7933906%
Weighted Average Maturity (Par Basis)	9.725 Years
Weighted Average Maturity (Original Price Basis)	9.725 Years

Refunding Bond Information

Refunding Dated Date	11/19/2015
Refunding Delivery Date	11/19/2015

Series 2002C | SINGLE PURPOSE | 10/20/2015 | 12:11 PM

Crews & Associates, Inc.

Capital Markets Group

Final

\$4,355,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Series 2015B

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2016	295,000.00	2.000%	97,261.67	392,261.67
10/01/2017	320,000.00	2.000%	106,325.00	426,325.00
10/01/2018	330,000.00	2.000%	99,925.00	429,925.00
10/01/2019	335,000.00	1.500%	93,325.00	428,325.00
10/01/2020	340,000.00	1.750%	88,300.00	428,300.00
10/01/2021	345,000.00	2.000%	82,350.00	427,350.00
10/01/2022	350,000.00	3.000%	75,450.00	425,450.00
10/01/2023	365,000.00	3.000%	64,950.00	429,950.00
10/01/2024	375,000.00	4.000%	54,000.00	429,000.00
10/01/2025	390,000.00	3.000%	39,000.00	429,000.00
10/01/2026	400,000.00	3.000%	27,300.00	427,300.00
10/01/2027	250,000.00	3.000%	15,300.00	265,300.00
10/01/2028	260,000.00	3.000%	7,800.00	267,800.00
Total	\$4,355,000.00	-	\$851,286.67	\$5,206,286.67

Yield Statistics

Bond Year Dollars	\$29,879.33
Average Life	6.861 Years
Average Coupon	2.8490819%
Net Interest Cost (NIC)	2.6902664%
True Interest Cost (TIC)	2.6550492%
Bond Yield for Arbitrage Purposes	2.5494697%
All Inclusive Cost (AIC)	3.0395236%

IRS Form 8038

Net Interest Cost	2.3797569%
Weighted Average Maturity	6.886 Years

Final

\$4,355,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Series 2015B

Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	OLD D/S	Savings
10/01/2016	295,000.00	2.000%	97,261.67	392,261.67	496,773.07	104,511.40
10/01/2017	320,000.00	2.000%	106,325.00	426,325.00	534,962.50	108,637.50
10/01/2018	330,000.00	2.000%	99,925.00	429,925.00	536,962.50	107,037.50
10/01/2019	335,000.00	1.500%	93,325.00	428,325.00	538,362.50	110,037.50
10/01/2020	340,000.00	1.750%	88,300.00	428,300.00	538,807.50	110,507.50
10/01/2021	345,000.00	2.000%	82,350.00	427,350.00	533,267.50	105,917.50
10/01/2022	350,000.00	3.000%	75,450.00	425,450.00	531,737.50	106,287.50
10/01/2023	365,000.00	3.000%	64,950.00	429,950.00	543,962.50	114,012.50
10/01/2024	375,000.00	4.000%	54,000.00	429,000.00	534,412.50	105,412.50
10/01/2025	390,000.00	3.000%	39,000.00	429,000.00	534,293.76	105,293.76
10/01/2026	400,000.00	3.000%	27,300.00	427,300.00	533,250.00	105,950.00
10/01/2027	250,000.00	3.000%	15,300.00	265,300.00	369,500.00	104,200.00
10/01/2028	260,000.00	3.000%	7,800.00	267,800.00	372,750.00	104,950.00
Total	\$4,355,000.00	-	\$851,286.67	\$5,206,286.67	\$6,599,041.83	\$1,392,755.16

PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	1,225,577.77
Transfers from Prior Issue Debt Service Fund	(45,349.43)
Transfers from Prior Issue DSR Fund	(657,166.01)
Net Present Value Benefit	\$523,062.33
Net PV Benefit / \$4,965,000 Refunded Principal	10.535%
Net PV Benefit / \$4,355,000 Refunding Principal	12.011%

Refunding Bond Information

Refunding Dated Date	11/19/2015
Refunding Delivery Date	11/19/2015

Final

\$4,355,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Series 2015B

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
10/01/2016	Serial Coupon	2.000%	0.750%	295,000.00	101.077%	-	-	-	298,177.15
10/01/2017	Serial Coupon	2.000%	1.000%	320,000.00	101.844%	-	-	-	325,900.80
10/01/2018	Serial Coupon	2.000%	1.250%	330,000.00	102.104%	-	-	-	336,943.20
10/01/2019	Serial Coupon	1.500%	1.500%	335,000.00	100.000%	-	-	-	335,000.00
10/01/2020	Serial Coupon	1.750%	1.750%	340,000.00	100.000%	-	-	-	340,000.00
10/01/2021	Serial Coupon	2.000%	2.000%	345,000.00	100.000%	-	-	-	345,000.00
10/01/2022	Serial Coupon	3.000%	2.000%	350,000.00	105.508%	c 2.133%	10/01/2021	100.000%	369,278.00
10/01/2023	Serial Coupon	3.000%	2.100%	365,000.00	104.941%	c 2.309%	10/01/2021	100.000%	383,034.65
10/01/2024	Serial Coupon	4.000%	2.000%	375,000.00	111.017%	c 2.600%	10/01/2021	100.000%	416,313.75
10/01/2025	Serial Coupon	3.000%	2.350%	390,000.00	103.541%	c 2.591%	10/01/2021	100.000%	403,809.90
10/01/2028	Term 1 Coupon	3.000%	2.800%	910,000.00	101.073%	c 2.899%	10/01/2021	100.000%	919,764.30
Total	-	-	-	\$4,355,000.00	-	-	-	-	\$4,473,221.75

Bid Information

Par Amount of Bonds	\$4,355,000.00
Reoffering Premium or (Discount)	118,221.75
Gross Production	\$4,473,221.75
Total Underwriter's Discount (1.625%)	\$(70,768.75)
Bid (101.090%)	4,402,453.00
Total Purchase Price	\$4,402,453.00
Bond Year Dollars	\$29,879.33
Average Life	6.861 Years
Average Coupon	2.8490819%
Net Interest Cost (NIC)	2.6902664%
True Interest Cost (TIC)	2.6550492%

Final

\$7,120,000

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds (Bank-Qualified) Series 2009A

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/19/2015	-	-	-	-	-	-	-
12/01/2015	4,965,000.00	37,020.71	5,002,020.71	-	-	-	-
04/01/2016	-	-	-	-	-	111,061.25	111,061.25
10/01/2016	-	-	-	320,000.00	3.800%	111,061.25	431,061.25
04/01/2017	-	-	-	-	-	104,981.25	104,981.25
10/01/2017	-	-	-	325,000.00	4.000%	104,981.25	429,981.25
04/01/2018	-	-	-	-	-	98,481.25	98,481.25
10/01/2018	-	-	-	340,000.00	4.000%	98,481.25	438,481.25
04/01/2019	-	-	-	-	-	91,681.25	91,681.25
10/01/2019	-	-	-	355,000.00	4.100%	91,681.25	446,681.25
04/01/2020	-	-	-	-	-	84,403.75	84,403.75
10/01/2020	-	-	-	370,000.00	4.200%	84,403.75	454,403.75
04/01/2021	-	-	-	-	-	76,633.75	76,633.75
10/01/2021	-	-	-	380,000.00	4.350%	76,633.75	456,633.75
04/01/2022	-	-	-	-	-	68,368.75	68,368.75
10/01/2022	-	-	-	395,000.00	4.500%	68,368.75	463,368.75
04/01/2023	-	-	-	-	-	59,481.25	59,481.25
10/01/2023	-	-	-	425,000.00	4.600%	59,481.25	484,481.25
04/01/2024	-	-	-	-	-	49,706.25	49,706.25
10/01/2024	-	-	-	435,000.00	4.625%	49,706.25	484,706.25
04/01/2025	-	-	-	-	-	39,646.88	39,646.88
10/01/2025	-	-	-	455,000.00	4.625%	39,646.88	494,646.88
04/01/2026	-	-	-	-	-	29,125.00	29,125.00
10/01/2026	-	-	-	475,000.00	5.000%	29,125.00	504,125.00
04/01/2027	-	-	-	-	-	17,250.00	17,250.00
10/01/2027	-	-	-	335,000.00	5.000%	17,250.00	352,250.00
04/01/2028	-	-	-	-	-	8,875.00	8,875.00
10/01/2028	-	-	-	355,000.00	5.000%	8,875.00	363,875.00
Total	\$4,965,000.00	\$37,020.71	\$5,002,020.71	\$4,965,000.00	-	\$1,679,391.26	\$6,644,391.26

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	11/19/2015
Average Life	7.123 Years
Average Coupon	4.6645977%
Weighted Average Maturity (Par Basis)	7.123 Years
Weighted Average Maturity (Original Price Basis)	7.122 Years

Refunding Bond Information

Refunding Dated Date	11/19/2015
Refunding Delivery Date	11/19/2015



WEST VIRGINIA
Water Development Authority
Celebrating 41 Years of Service 1974 - 2015

November 19, 2015

City of Charles Town
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 A (Bank Qualified); and
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Decker & Company LLC, the independent certified public accountant and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the Registered Owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A (Bank Qualified), in the original aggregate principal amount of \$2,750,000; and Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of \$4,355,000 (collectively, the "Series 2015 Refunding Bonds"), by the City of Charles Town (the "Issuer"), under the terms of the Bond Legislation authorizing the Series 2015 Refunding Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's:

- (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629 ("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 ("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 ("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 ("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 ("Series 1998 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 ("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 ("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 ("Series 2002 B Bonds");
- (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A (West Virginia DWTRF Program), dated January 13, 2010, issued in the original aggregate principal amount of \$912,458 ("Series 2010 A Bonds");
- (10) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia DWTRF Program/ARRA), dated January 13, 2010, issued in the original aggregate principal amount of \$100,000 ("Series 2010 B Bonds");
- (11) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$1,250,000 (the "Series 2010 C Bonds");
- (12) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2010 D (West Virginia SRF Program), dated December 2, 2010, issued in the original aggregate principal amount of \$500,000 (the "Series 2010 D Bonds");
- (13) Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated July 22, 2011, issued in the original aggregate principal amount of \$13,147,192 (the "Series 2011 A Bonds");
- (14) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of \$591,977 (the "Series 2013 A Bonds"); and
- (15) Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia SRF Program), dated June 18, 2014, issued in the original aggregate principal amount of \$4,058,900 (the "Series 2014 A Bonds"); (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Sheila A. Miller
Its: Authorized Representative



**MUNICIPAL BOND DEBT SERVICE RESERVE
INSURANCE COMMITMENT**

Issuer: City of Charles Town, West Virginia Effective Date: October 5, 2015

Member: City of Charles Town, West Virginia Expiration Date: December 3, 2015

Bonds: Combined Waterworks and Sewerage
System Refunding Revenue Bonds,
Series 2015 B (Tax-Exempt) insured by
BAM in aggregate principal amount not
to exceed \$3,060,000

Premium: 3.25% of Policy Limit

Policy Limit: An amount not to exceed the debt service reserve requirement for the Bonds insured by BAM as set forth in the Security Documents (the "Reserve Account Requirement"). The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Reserve Account Requirement in accordance with the Security Documents

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), a New York mutual insurance corporation, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as **Exhibit A**, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto. All terms used herein and not otherwise defined shall have the meanings ascribed to them in the Bond Insurance Commitment referred to in Paragraph 1 below or, if not defined therein, in the Debt Service Reserve Agreement referred to in Paragraph 3(a) below.

To keep this Commitment in effect after the Expiration Date set forth above, a written request for renewal must be submitted to BAM prior to such Expiration Date. BAM reserves the right to deny or grant a renewal in its sole discretion. To keep the Commitment in effect to the Expiration Date set forth above, BAM must receive a duplicate of this Commitment executed by an authorized officer of the Issuer within ten days of the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OR THE WAIVER BY BAM OF THE FOLLOWING CONDITIONS, AND THE ISSUER AGREES AS FOLLOWS:

1. **Conditions to Municipal Bond Policy Satisfied.** All conditions required under the Municipal Bond Insurance Commitment, dated October 5, 2015 issued by BAM with respect to the Bonds (the “Bond Insurance Commitment”) for the issuance of the municipal bond insurance policy to be issued thereunder shall have been satisfied and the Bonds are simultaneously insured by BAM. All conditions set forth in this Commitment shall be in addition to the requirements set forth in Bond Insurance Commitment.
2. **The Transaction Documents** shall contain the document provisions set forth in **Exhibit B** hereto.
3. **Agreement and Related Opinions.** BAM shall be provided with the following:
 - (a) A copy of the Debt Service Reserve Agreement, substantially in the form of **Exhibit C**, duly executed by the Issuer, subject only to such changes as shall be agreed to by BAM, as evidenced by BAM’s execution thereof (For your information, the form of legal opinion to be delivered by BAM at closing is attached hereto as **Exhibit D**).
 - (b) An opinion(s) of bond counsel or other counsel acceptable to BAM, addressed and in form and substance satisfactory to BAM, as to (i) the due authorization, validity and enforceability of the Debt Service Reserve Agreement, and (ii) if applicable, the Reserve Policy constitutes an instrument eligible for deposit to the credit of the debt service reserve fund or account (the “Reserve Fund”) under the Security Documents, and as to such other matters as BAM shall reasonably request.
 - (c) Evidence of wire transfer of immediately available funds in an amount equal to the Premium stated above, unless alternative arrangements for the payment of such amount acceptable to BAM have been made prior to the delivery date of the Reserve Policy. Please see “Procedures for Premium Payment” attached hereto.
4. **Security for Repayment of Draws under the Reserve Policy, and Policy Costs.** The Security Documents shall secure repayment of draws under the Reserve Policy and all Policy Costs consistent with the terms of the Debt Service Reserve Agreement.
5. **Payments Due under the Policy.** All amounts on deposit under the Security Documents available to pay debt service on the Bonds (exclusive of the Reserve Policy) shall be used to pay

such debt service before any drawing may be made on the Reserve Policy or any other credit facility. Draws on the Reserve Policy may be used only to pay principal of and/or interest on the Bonds.

6. **Ascertainment of Amounts to be Drawn.** The Security Documents shall require the Trustee or Paying Agent to determine the necessity for a claim upon the Reserve Policy and to provide notice to BAM in accordance with the terms of the Reserve Policy.
7. **Final Documents.** Copies of all transaction documents and opinions required by this Commitment prepared subsequent to the date of this Commitment (black-lined to reflect all revisions from previously reviewed drafts) shall be furnished to BAM for review and approval at the same time and in the same manner as other transaction documents are required to be provided under (and as defined in) the Bond Insurance Commitment.
8. **Expiration of the Reserve Policy.** The Reserve Policy shall expire on the earlier of the date the Bonds are no longer outstanding and the final maturity date of the Bonds.

Closing Transcript. The closing transcript required to be provided to BAM pursuant to the Bond Insurance Commitment shall include all transaction documents and opinions required by this Commitment.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

Authorized Officer

October 5, 2015
Date

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AGREED AND ACCEPTED

The undersigned, an authorized officer of the Issuer, agrees and accepts the conditions set forth above and further agrees that (i) if the debt service reserve fund requirement for the Bonds is met by a credit instrument, such credit instrument shall be a Reserve Policy provided by BAM in accordance with the terms of this Commitment; (ii) the Issuer has made an independent investigation and decision as to whether to satisfy its reserve fund requirement with the Reserve Policy or whether the Reserve Policy is appropriate or proper for it based upon its judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) BAM has not made, and therefore the Issuer is not relying on, any recommendation from BAM that the Issuer satisfy its reserve fund requirement with or obtain the Reserve Policy, it being understood and agreed that any communications from BAM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, and any related insurance document or the documentation governing the Bonds, do not constitute a recommendation to insure the Bonds or obtain the Reserve Policy; (iv) the Issuer acknowledges that BAM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, as to its future financial strength or the rating of BAM's financial strength by the rating agency; (v) the Issuer acknowledges that a credit or claims-paying rating of BAM assigned by a Rating Agency reflects only the views of, and an explanation of the significance of any such rating may be obtained only from, the assigning Rating Agency, any such rating may change or be suspended, placed under review or withdrawn by such Rating Agency if circumstances so warrant, and BAM compensates a Rating Agency to maintain a credit or claims-paying ability rating thereon, but such payment is not in exchange for any specific rating or for a rating within any particular range; and (vi) the Issuer also acknowledges that BAM may in its sole and absolute discretion at any time request that a Rating Agency withdraw any rating maintained in respect of BAM. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (vi) above shall survive the expiration or termination of this Commitment.

CITY OF CHARLES TOWN, WEST VIRGINIA

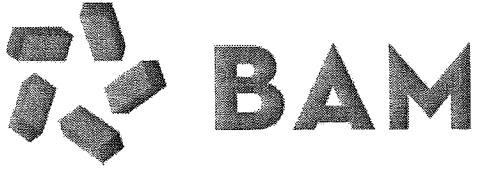
By: 

Title: Mayor

Date: Oct. 20, 2015

EXHIBIT A

Specimen Municipal Bond Debt Service Reserve Insurance Policy



**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$_____ in aggregate principal
amount of [NAME OF
TRANSACTION]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. **"Business Day"** means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. [**"Debt Service Reserve Agreement"** means the Debt Service Reserve Fund Agreement, if any, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time.] **"Due for Payment"** means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. **"Nonpayment"** means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. **"Notice"** means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. **"Owner"** means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. **"Policy"**

Limit” means the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Security Documents from time to time (the “Reserve Account Requirement”), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed \$_____. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. **“Security Documents”** means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. **“Term”** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Authorized Officer

SPECIMEN

Schedule

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Security Documents or Debt Service Reserve Agreement, if any, and, as of the date hereof, the Policy Limit is \$ _____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD-AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Name:
Title:

SPECIAL AGENT

EXHIBIT B

With respect to the Municipal Bond Debt Service Reserve Insurance Policy, notwithstanding anything to the contrary set forth in the Authorizing Documents the Issuer and the Trustee agree to comply with the following provisions:

- (a) The Issuer shall repay any draws under the Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) and pay all related reasonable expenses incurred by BAM (the “Bond Insurer”). Interest shall accrue and be payable on such draws and expenses from the date of payment by the Bond Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Bond Insurer in its sole and absolute discretion shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Debt Service Reserve Fund established for the Bonds shall be transferred to the Debt Service Fund for payment of the debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Debt Service Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Debt Service Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to

honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

- (b) Draws under the Reserve Policy may only be used to make payments on Bonds insured by the Bond Insurer.
- (c) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect owners of the Bonds.
- (d) This Indenture shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The Issuer's obligation to pay such amount shall expressly survive payment in full of the Bonds.
- (e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the Bond Insurer at least three business days prior to each date upon which interest or principal is due on the Bonds.
- (f) The Reserve Policy shall expire on the earlier of the date the Bonds are no longer outstanding and the final maturity date of the Bonds.

EXHIBIT C

DEBT SERVICE RESERVE AGREEMENT

DEBT SERVICE RESERVE AGREEMENT, dated _____ (the “Agreement”), by and between City of Charles Town, West Virginia (the “Obligor”) and BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”).

In consideration of the issuance by BAM of its Municipal Bond Debt Service Reserve Insurance Policy No. @@POLICY_NO@@ (the “Reserve Policy”) with respect to the City of Charles Town, West Virginia Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Tax-Exempt [Bonds] and any [parity bonds] (the “Bonds”) issued under the [Indenture/Resolution/Ordinance] dated as of _____, between the [Obligor] [Issuer] and the [Trustee] (the “Trustee”) (the “Authorizing Document”) [, which bonds are secured by the [Lease/Loan] payments of the Obligor under the [Lease/Loan] Agreement dated as of _____ [the “[Lease/Loan] Agreement”] between the Issuer and the Obligor and the other revenue and collateral described in the Authorizing Document,] and the payment to BAM of the Initial Insurance Payment for the Reserve Policy, the Obligor , Issuer and BAM hereby covenant and agree as follows:

1. The Obligor shall repay BAM any draws under the Reserve Policy and pay all Administrative Expenses (as defined below) incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate. “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base-lending rate of such national bank as BAM shall designate.
2. Repayment of draws and payment of Administrative Expenses and the interest accrued thereon at the Late Payment Rate (collectively, “Policy Costs”) shall commence in the first month following each draw and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregated of Policy Costs related to such draw[; *provided, however, that all such payments shall be due prior to termination of the [Lease] Agreement dated as of _____ between the Issuer and Obligor*]. Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due. [*For Ca. RDA add: The Obligor shall include the repayment of Policy Costs in its Recognized Payment Obligation Schedule.*]

3. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be reinstated by a like amount, subject to the terms of the Reserve Policy.
4. All cash and investments in the debt service reserve fund or account securing the Insured Obligations (the "Reserve Fund") shall be transferred to the debt service fund for payment of debt service on the Insured Obligations before any drawing may be made on the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to available coverage under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.
5. Draws on the Reserve Policy may only be used to make payments on the Insured Obligations (and for the avoidance of doubt, not any other obligations of the *[Issuer or]* Obligor, whether issued on parity with the Insured Obligations, or otherwise).
6. If the Obligor shall fail to pay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document, other than (i) acceleration of the maturity of the Insured Obligations or (ii) remedies which would adversely affect owners of the Insured Obligations.
7. The Authorizing Document shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The Obligor's obligation to pay such amounts shall expressly survive payment in full of the Insured Obligations.
8. In order to secure the Obligor's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of BAM a security interest (subordinate only to that of the owners of the Insured Obligations) in all revenues and collateral pledged as security for the Insured Obligations *[payment obligations of the Obligor under the Lease/Loan Agreement]*.
9. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Authorizing Document *[Lease/Loan Agreement]*.

10. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph 4 hereof and shall provide notice to BAM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Insured Obligations. Where deposits are required to be made by the Obligor with the Trustee to the debt service fund for the Insured Obligations more often than semi-annually, the Trustee shall give notice to BAM of any failure of the Obligor to make timely payment in full of such deposits within two business days of the date due.
11. The Obligor agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Agreement, the Authorizing Document and any other document executed in connection with the Insured Obligations ("Administrative Expenses"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Obligor agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.
12. The obligation of the Obligor to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Obligor and will be paid or performed strictly in accordance with this Agreement.
13. So long as a default or event of default has occurred and is continuing under this Agreement, the Authorizing Document or any other document executed in connection with the Insured Obligations, the Obligor shall not be eligible for a dividend or any other economic benefit under BAM's organizational documents.
14. Notices to BAM shall be sent to the following address (or such other address as BAM may designate in writing): Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. _____, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com; with a copy of such notice or other communication sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214.
15. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this

Agreement. In the event of any conflict in the terms of this Agreement and the Authorizing Document, the terms of this Agreement shall control.

16. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.
17. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.
18. This Agreement and the rights and obligations of the parties to the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, each of the parties hereto has duly executed and delivered this Agreement as of the date first above written.

CITY OF CHARLES TOWN, WEST VIRGINIA

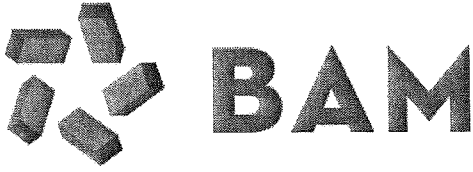
By: _____
Title:

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Title:

EXHIBIT D

BAM LEGAL OPINION



[CLOSING DATE]

[ADDRESSEES (ISSUER, UNDERWRITER AND TRUSTEE)]

Re: Bond Insurance Policy: Municipal Bond Insurance Policy No. [POLICY NO.]
DSR Policy: Debt Service Reserve Policy No. [POLICY NO.]
Member:
Bonds:
Official Statement: dated []

Ladies and Gentlemen:

I am Counsel of Build America Mutual Assurance Company, a New York mutual insurance company ("BAM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by BAM of its above-referenced Bond Insurance Policy and DSR Policy (collectively, the "Policies"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. BAM is a mutual insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policies have been duly authorized, executed and delivered by BAM.
3. Each of the Policies constitutes the valid and binding obligation of BAM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of BAM and to the application of general principles of equity.
4. The issuance of the Policies qualifies the Member as a member of BAM until the Bonds are no longer outstanding. As a member of BAM, the

Member is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policies are non-assessable and create no contingent mutual liability.

In addition, please be advised that I have reviewed the description of the Bond Insurance Policy under the caption "BOND INSURANCE" in the Official Statement related to the above-referenced Bonds. There has not come to my attention any information which would cause me to believe that the description of the Bond Insurance Policy, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to the make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that except as described above, I express no opinion with respect to any information contained in, or omitted, from the Official Statement.

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

This letter and the legal opinions herein are intended for the information solely of the addressees hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity (including, without limitation, any person or entity that acquires bonds from an addressee of this letter.) I do not undertake to advise you of matters that may come to my attention subsequent to the date hereof that may affect the conclusions expressed herein.

Very truly yours,



**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

ISSUER: City of Charles Town, West Virginia

Policy No: 2015R0765

MEMBER: City of Charles Town, West Virginia

BONDS: \$4,355,000 in aggregate principal
amount of Combined Waterworks and Sewerage
System Refunding Revenue Bonds,
Series 2015 B (Bank-Qualified)

Effective Date: November 19, 2015

Risk Premium: \$4,299.50

Member Surplus Contribution: \$9,673.88

Total Insurance Payment: \$13,973.38

Maximum Policy Limit: \$429,950.00

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon such payment, BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement, if any.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this

Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. **“Business Day”** means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. **“Debt Service Reserve Agreement”** means the Debt Service Reserve Agreement, if any, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time. **“Due for Payment”** means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. **“Nonpayment”** means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. **“Nonpayment”** shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. **“Notice”** means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. **“Owner”** means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that **“Owner”** shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. **“Policy Limit”** means the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Security Documents from time to time (the **“Reserve Account Requirement”**), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security

Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed the Maximum Policy Limit set forth above. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. **“Security Documents”** means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. **“Term”** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

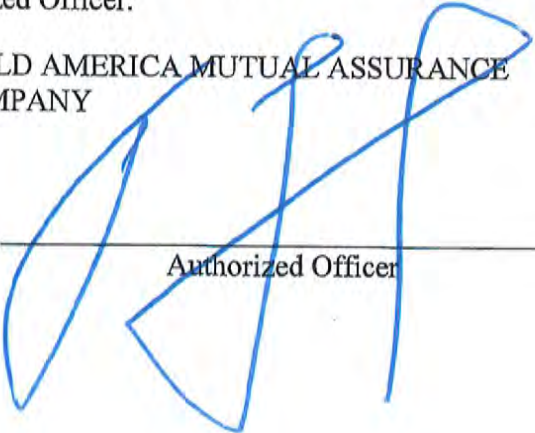
This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. **THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.**

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By:



Authorized Officer

Schedule

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

EXHIBIT A

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Security Documents or Debt Service Reserve Agreement, if any, and, as of the date hereof, the Policy Limit is \$_____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Name:
Title:

DEBT SERVICE RESERVE AGREEMENT

DEBT SERVICE RESERVE AGREEMENT, dated November 19, 2015 (the "Agreement"), by and between City of Charles Town, West Virginia (the "Obligor") and BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").

In consideration of the issuance by BAM of its Municipal Bond Debt Service Reserve Insurance Policy No. 2015R0765 (the "Reserve Policy") with respect to the City of Charlestown, West Virginia Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank Qualified) and any parity bonds (the "Bonds") issued under the Ordinance duly enacted on August 17, 2015, as supplemented by a supplemental paramerters resolution adopted on September 21, 2015 and a Certificate of Determinations executed by the Mayor on October 20, 2015 (the "Authorizing Document"), which bonds are secured by the Gross Revenue pledge of the Obligor and the other revenue and collateral described in the Authorizing Document, and the payment to BAM of the Initial Insurance Payment for the Reserve Policy, the Obligor and BAM hereby covenant and agree as follows:

1. The Obligor shall repay BAM any draws under the Reserve Policy and pay all Administrative Expenses (as defined below) incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base-lending rate of such national bank as BAM shall designate.
2. Repayment of draws and payment of Administrative Expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregated of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due.
3. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be reinstated by a like amount, subject to the terms of the Reserve Policy.

4. All cash and investments in the debt service reserve fund or account securing the Insured Obligations (the "Reserve Fund") shall be transferred to the debt service fund for payment of debt service on the Insured Obligations before any drawing may be made on the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to available coverage under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.
5. Draws on the Reserve Policy may only be used to make payments on the Insured Obligations (and for the avoidance of doubt, not any other obligations of the Obligor, whether issued on parity with the Insured Obligations, or otherwise).
6. If the Obligor shall fail to pay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document, other than (i) acceleration of the maturity of the Insured Obligations or (ii) remedies which would adversely affect owners of the Insured Obligations.
7. The Authorizing Document shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The Obligor's obligation to pay such amounts shall expressly survive payment in full of the Insured Obligations.
8. In order to secure the Obligor's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of BAM a security interest (subordinate only to that of the owners of the Insured Obligations and those obligations secured on a parity with the Insured Obligations) in all revenues and collateral pledged as security for the Insured Obligations. The Obligor shall not grant, or permit to exist, a lien on or security interest in the Gross Revenues for the benefit of a provider of an alternative credit instrument that is provided in lieu of a cash deposit to a debt service reserve fund or account for any obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Insured Obligations that is senior or superior to the security interest granted to BAM hereunder.

9. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Authorizing Document.
10. The Paying Agent, as defined in the Authorizing Documents, shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Paragraph 4 hereof and shall provide notice to BAM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Insured Obligations. Where deposits are required to be made by the Obligor with the Paying Agent to the debt service fund for the Insured Obligations more often than semi-annually, the Paying Agent shall give notice to BAM of any failure of the Obligor to make timely payment in full of such deposits within two business days of the date due.
11. The Obligor agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Agreement, the Authorizing Document and any other document executed in connection with the Insured Obligations ("Administrative Expenses"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Obligor agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.
12. The obligation of the Obligor to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Obligor and will be paid or performed strictly in accordance with this Agreement.
13. So long as a default or event of default has occurred and is continuing under this Agreement, the Authorizing Document or any other document executed in connection with the Insured Obligations, the Obligor shall not be eligible for a dividend or any other economic benefit under BAM's organizational documents.
14. Notices to BAM shall be sent to the following address (or such other address as BAM may designate in writing): Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. 2015R0765, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com; with a copy of such notice or other

communication sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214.

15. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement. In the event of any conflict in the terms of this Agreement and the Authorizing Document, the terms of this Agreement shall control.
16. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.
17. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.
18. This Agreement and the rights and obligations of the parties to the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, each of the parties hereto has duly executed and delivered this Agreement as of the date first above written.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: 

Title: Mayor

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: 

Title: General Counsel



BAM

November 19, 2015

City of Charles Town
832 S. George Street
Charles Town, WV 25414

Crews & Associates, Inc.
First Security Center, 521 President Clinton Avenue, Suite 800
Little Rock, AR 72201

West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, WV 25301

RE: Bond Insurance Policy: Municipal Bond Insurance Policy No. 2015B0765
DSR Policy: Debt Service Reserve Policy No. 2015R0765
Member: City of Charles Town, West Virginia
Bonds: Combined Waterworks and Sewerage System Refunding
Revenue Bonds, Series 2015 B (Bank-Qualified)

Date of the Official Statement: October 20, 2015

Ladies and Gentlemen:

I am Counsel of Build America Mutual Assurance Company, a New York mutual insurance company ("BAM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by BAM of its above-referenced Bond Insurance Policy and DSR Policy (collectively, the "Policies"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. BAM is a mutual insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policies have been duly authorized, executed and delivered by BAM.
3. Each of the Policies constitutes the valid and binding obligation of BAM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the

bankruptcy or insolvency of BAM and to the application of general principles of equity.

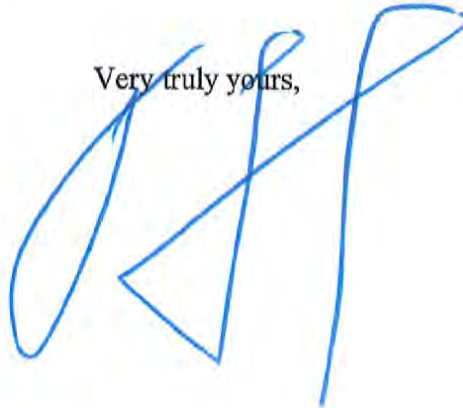
4. The issuance of the Policies qualifies the Member as a member of BAM until the Bonds are no longer outstanding. As a member of BAM, the Member is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policies are non-assessable and create no contingent mutual liability.

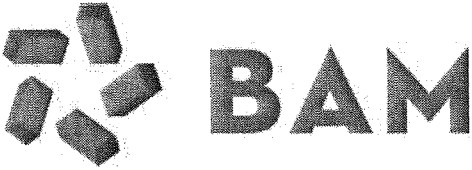
In addition, please be advised that I have reviewed the description of the Bond Insurance Policy under the caption "BOND INSURANCE" in APPENDIX I to the Official Statement related to the above-referenced Bonds. There has not come to my attention any information which would cause me to believe that the description of the Bond Insurance Policy, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to the make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that except as described above, I express no opinion with respect to any information contained in, or omitted, from the Official Statement.

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

This letter and the legal opinions herein are intended for the information solely of the addresses hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity (including, without limitation, any person or entity that acquires bonds from an addressee of this letter.) I do not undertake to advise you of matters that may come to my attention subsequent to the date hereof that may affect the conclusions expressed herein.

Very truly yours,

A handwritten signature in blue ink, consisting of several large, sweeping loops and a long vertical stroke on the right side.



MUNICIPAL BOND INSURANCE COMMITMENT

ISSUER: City of Charles Town, West Virginia

MEMBER: City of Charles Town, West Virginia

Effective Date: October 5, 2015

Expiration Date: December 3, 2015

BONDS: Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Tax-Exempt)
in aggregate principal amount not to exceed \$3,060,000

Insurance Payment: 0.50% of the Total Debt Service on the Bonds

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”) hereby commits, subject to the terms and conditions contained herein or added hereto, to issue its Municipal Bond Insurance Policy (the “Policy”) relating to the Bonds referenced above (the “Bonds”) issued by or on behalf of the Member. To keep this Commitment in effect after the Expiration Date set forth above, a written request for renewal must be submitted to BAM prior to such Expiration Date. BAM reserves the right to grant or deny a renewal in its sole discretion.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds (collectively, the “Security Documents”), shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof (the “Closing Date”).
3. As of the Closing Date, there shall have been no material adverse change in, as to or affecting (i) the Member or the Bonds, including, without limitation, the security for the Bonds or (ii) any disclosure document relating to the Bonds (including any financial statements and other information included or incorporated by reference therein) (the “Official Statement”), the Security Documents to be executed and delivered with respect to the Bonds, any project to be financed with the proceeds of the Bonds (if applicable), the legal opinions to be delivered in

connection with the issuance and sale of the Bonds, or any other information submitted to BAM with respect to the issuance and sale of the Bonds, including the proposed debt service schedule of the Bonds, from information previously provided to BAM in writing.

4. The applicable transaction documents shall contain the document provisions set forth in Exhibit A hereto. No variation shall be permitted therefrom except as specifically approved by BAM in writing prior to the Closing Date.

5. The Bonds shall contain no reference to BAM, the Policy or the insurance evidenced thereby except as may be approved in writing by BAM. BOND PROOFS SHALL BE APPROVED IN WRITING BY BAM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form found on BAM's website (www.buildamerica.com) and in Exhibit B hereto entitled "DOCUMENT, PRINTING AND DISCLOSURE INFORMATION FOR PUBLIC FINANCE TRANSACTIONS".

6. The Official Statement shall contain the language provided by BAM and only such other references to BAM as BAM shall supply or approve in writing, and BAM shall be provided with final drafts of any preliminary and final Official Statement at least two business days prior to printing/electronic posting. BAM SHALL BE PROVIDED WITH AN ELECTRONIC COPY OF THE OFFICIAL STATEMENT SEVEN (7) DAYS PRIOR TO CLOSING, unless BAM shall agree in writing to a shorter period.

7. BAM shall be provided with:

(a) Copies of all Transaction Document drafts prepared subsequent to the date of this Commitment (blacklined to reflect all revisions from previously reviewed drafts) for review and approval. Final drafts of such documents shall be provided at least three (3) business days prior to the issuance of the Policy, unless BAM shall agree in writing to a shorter period.

(b) Copies of any consulting reports, feasibility studies, rate reports, engineer's reports or similar expert reports for review and approval, along with any revisions thereto (blacklined to reflect all revisions from previously reviewed drafts). Final drafts of such documents shall be provided at least three (3) business days prior to the issuance of the Policy, unless BAM shall agree in writing to a shorter period.

(c) The amortization schedule for, and final maturity date of, the Bonds, which schedule shall be acceptable to BAM. Please be aware that BAM will only insure fixed rate Bonds.

(d) A description of all material pending litigation relating to the Member or the Bonds and any opinions BAM shall request in connection therewith.

(e) A description of any material change in the Member's financial position from and after the date of the financial statements provided to BAM.

(f) Executed copies of all Security Documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be

dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to BAM or accompanied by a letter of such counsel permitting BAM to rely on such opinion as if such opinion were addressed to BAM), including, without limitation, the unqualified approving opinion of bond counsel, in form and substance satisfactory to BAM. The foregoing shall be in form and substance acceptable to BAM. (For your information, the form of legal opinion, primary market disclosure certificate and officer's certificate to be delivered by BAM at Closing is attached hereto as Exhibit C.)

(g) Evidence of wire transfer in federal funds of an amount equal to the Insurance Payment, unless alternative arrangements for the payment of such amount acceptable to BAM have been made prior to the Closing Date.

8. Bonds must have an underlying, long-term rating of at least:

NR	Standard and Poor's
NR	Moody's Investors Service
NR	Fitch Ratings

9. Promptly, but in no event more than thirty (30) days after the Closing Date, BAM shall receive two (2) CD-ROMs, which contain the final closing transcript of proceedings or if CD-ROMs are not available, such other electronic form as BAM shall accept.

10. To maintain this commitment until the Expiration Date set forth above, BAM must receive a copy of the signature page of this Commitment fully executed by an authorized officer of the undersigned by the earlier of the date on which the Official Statement containing disclosure language regarding BAM is circulated and ten (10) days after the date of this Commitment.

REPRESENTATION AND AGREEMENT BY BAM

(a) BAM is a mutual insurance corporation organized under the laws of, and domiciled in, the State of New York.

(b) BAM covenants that it will only insure obligations of states, political subdivisions, an integral part of states or political subdivisions or entities otherwise eligible for the exclusion of income under Section 115 of the Internal Revenue Code of 1986, as amended, or any successor thereto.

(c) BAM covenants that it will not seek to convert to a stock insurance corporation.

(d) The issuance of the Policy qualifies the Member as a member of BAM until the Bonds are no longer outstanding. As a member of BAM, the Member is entitled to certain rights

and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policy is non-assessable and creates no contingent mutual liability.

(e) Refundings.

If (1) the Security Documents relating to the Bonds permit a legal defeasance (such that the bonds are no longer treated as outstanding under the Security Documents), (2) refunding bonds ("Refunding Bonds") will be issued for the purpose of legally defeasing such then outstanding BAM-insured Bonds (in this context, the "Refunded Bonds") and (3) upon their issuance (A) such Refunding Bonds have a final maturity date that is not later than the final Maturity Date of the Refunded Bonds, (B) the average annual debt service on the Refunding Bonds does not exceed the average annual debt service on the Refunded Bonds, and (C) the net proceeds of such Refunding Bonds are applied solely towards the legal defeasance of the Refunded Bonds and related costs of issuance, then, if BAM is requested to, and in its sole discretion determines to, offer a municipal bond insurance policy covering the Refunding Bonds (the "Refunding Policy") BAM will credit the Member Surplus Contribution (set forth on the front page of the Policy) for the Refunded Bonds against the insurance payment then charged with respect to the Refunding Bonds. If the Security Documents are silent on the matter of a legal defeasance, BAM may, in its sole and absolute discretion, accept such certificates, opinions and reports from or on behalf of the Member in connection with the issuance of such Refunding Bonds in order to establish to its satisfaction that the Refunding Bonds will be issued to retire the outstanding Refunded Bonds and that the Refunding Bonds comply with the criteria set forth in clause (3) of the preceding sentence for the purpose of determining whether a supplemental Member Surplus Contribution is or is not required to be made at that time.

**BUILD AMERICA MUTUAL
ASSURANCE COMPANY**

Authorized Officer

October 5, 2015

Date

AGREED AND ACCEPTED

The undersigned agrees and accepts the conditions set forth above and further agrees that (i) if the Bonds (and any of the Bonds to be issued on the same date and for which BAM has issued a commitment) are insured by a policy of municipal bond insurance, such insurance shall be provided by BAM in accordance with the terms of this Commitment; (ii) it has made an independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Bonds and whether the Policy is appropriate or proper for it based upon its judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) BAM has not made, and therefore it is not relying on, any recommendation from BAM that the Bonds be insured or that a Policy be obtained, it being understood and agreed that any communications from BAM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, and any related insurance document or the documentation governing the Bonds, do not constitute a recommendation to insure the Bonds or obtain the Policy; (iv) the undersigned acknowledges that BAM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, as to its future financial strength or the rating of BAM's financial strength by the rating agency; (v) the undersigned acknowledges that a credit or claims-paying rating of BAM assigned by a Rating Agency reflects only the views of, and an explanation of the significance of any such rating may be obtained only from, the assigning Rating Agency, any such rating may change or be suspended, placed under review or withdrawn by such Rating Agency if circumstances so warrant, and BAM compensates a Rating Agency to maintain a credit or claims-paying ability rating thereon, but such payment is not in exchange for any specific rating or for a rating within any particular range; (vi) the undersigned acknowledges that BAM may in its sole and absolute discretion at any time request that a Rating Agency withdraw any rating maintained in respect of BAM. Notwithstanding anything to the contrary set forth herein, upon issuance of the Policy, the provisions set forth under subparagraphs (ii) through (vi) above and the representations and agreements of BAM shall survive the expiration or termination of this Commitment.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: 

Authorized Officer

Oct 20, 2015

Date

EXHIBIT A

DOCUMENT PROVISIONS

EXHIBIT A

GENERAL REVENUE BOND TRANSACTION DOCUMENT PROVISIONS

The following terms and provisions (the “Insurer Provisions”) shall be incorporated into the Security Documents. If the Insurer Provisions are attached to any of the Security Document as an exhibit, such Security Document shall include a provision that incorporates by reference the Insurer Provisions directly into the Security Documents. The Insurer Provisions shall control and supersede any conflicting or inconsistent provisions in the Security Documents.

- 1) Notice and Other Information to be given to BAM. The [Issuer] [Obligor] will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Trustee under the Security Documents.

The notice address of BAM is: Build America Mutual Assurance Company, 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, NY 10281, Attention: Surveillance, Re: Policy No. _____, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

- 2) Defeasance. The investments in the defeasance escrow relating to Insured Obligation shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least (three) 3 Business Days prior to any defeasance with respect to the Insured Obligations, the Issuer shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Obligations, and a verification report (a “Verification Report”) prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

- a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond

counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

- b) The [Issuer] [Obligor] will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.
- c) The [Issuer] [Obligor] shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

3) Trustee and Paying Agent.

- a) BAM shall receive prior written notice of any name change of the trustee (the "Trustee") or, if applicable, the paying agent (the "Paying Agent") for the Insured Obligations or the resignation or removal of the Trustee or, if applicable, the Paying Agent. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing.
- b) No removal, resignation or termination of the Trustee or, if applicable, the Paying Agent shall take effect until a successor, acceptable to BAM, shall be qualified and appointed.

4) Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The [Issuer] [Obligor] shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured Obligations.

- a) *Consent of BAM.* Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:
 - i. To cure any ambiguity or formal defect or omissions or to correct any

inconsistent provisions in the transaction documents or in any supplement thereto, or

- ii. To grant or confer upon the holders of the Insured Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Obligations, or
 - iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
 - iv. To add to the covenants and agreements of the [Issuer/Obligor] in the Security Documents other covenants and agreements thereafter to be observed by the [Issuer/Obligor] or to surrender any right or power therein reserved to or conferred upon the [Issuer/Obligor].
- b) *Consent of BAM in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires the consent of holders of the Insured Obligations or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.
- c) *Consent of BAM in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the Issuer [or Obligor] must be acceptable to BAM. In the event of any reorganization or liquidation of the Issuer [or Obligor], BAM shall have the right to vote on behalf of all holders of the Insured Obligations absent a continuing failure by BAM to make a payment under the Policy.
- d) *Consent of BAM Upon Default.* Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Obligations or the Trustee or Paying Agent for the benefit of the holders of the Insured Obligations under any Security Document. No default or event of default may be waived without BAM's written consent.
- e) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Insured Obligations for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.
- f) *Consent of BAM for acceleration.* BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.
- g) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

- h) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Insured Obligations for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, “Insurer Default” means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).
- 5) Loan/Lease/Financing Agreement.
- a) The security for the Insured Obligations shall include a pledge and assignment of any agreement with any underlying obligor that is a source of payment for the Insured Obligations (a “Financing Agreement”) and a default under any Financing Agreement shall constitute an Event of Default under the Security Documents. In accordance with the foregoing, any such Financing Agreement is hereby pledged and assigned to the Trustee for the benefit of the holders of the Insured Obligations.
- b) Any payments by the Obligor under the Financing Agreement that will be applied to the payment of debt service on the Insured Obligations shall be made directly to the Trustee at least fifteen (15) days prior to each debt service payment date for the Insured Obligations.
- 6) BAM As Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of

the Security Documents as if it were a party thereto.

7) Payment Procedure Under the Policy.

In the event that principal and/or interest due on the Insured Obligations shall be paid by BAM pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Obligations.

In the event that on the second (2nd) business day prior to any payment date on the Insured Obligations, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Paying Agent or Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify BAM or its designee.

In addition, if the Paying Agent or Trustee has notice that any holder of the Insured Obligations has been required to disgorge payments of principal of or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Paying Agent or Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Obligations as follows:

- a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Insured Obligations in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and
- b) If there is a deficiency in amounts required to pay principal of the Insured

Obligations, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Obligations surrendered to BAM, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from BAM, and (iii) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Insured Obligations paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Obligation or the subrogation or assignment rights of BAM.

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

Irrespective of whether any such assignment is executed and delivered, the Issuer[, Obligor] and the Paying Agent and Trustee agree for the benefit of BAM that:

- a) They recognize that to the extent BAM makes payments directly or indirectly (*e.g.*, by paying through the Paying Agent or Trustee), on account of principal of or interest on the Insured Obligations, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer/Obligor, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Insured Obligations; and
- b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

- 8) Additional Payments. The [Issuer] [Obligor] agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The [Issuer] [Obligor] agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Issuer agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Issuer, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The Issuer hereby covenants and agrees that the BAM Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on a parity with debt service due on the Insured Obligations.

- 9) Debt Service Reserve Fund and Construction Fund.

a) The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Insured Obligations.

b) Unless BAM otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Insured Obligations.

- 10) Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Obligations and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Obligations or any other person is required in addition to the consent of BAM.

- 11) BAM shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not BAM has received a claim upon the Policy.
- 12) So long as the Insured Obligations are outstanding or any amounts are due and payable to BAM, the [Issuer/Obligor] shall not sell, lease, transfer, encumber or otherwise dispose of the [System] or any material portion thereof, except upon obtaining the prior written consent of BAM.
- 13) No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured Obligations may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.
- 14) If an event of default occurs under any agreement pursuant to which any Obligation of the [Issuer/Obligor] has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured Obligations or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under this [Indenture] and the related Security Documents for which BAM or the Trustee, at the direction of BAM, shall be entitled to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Obligations.

15) Definitions.

“BAM” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Insured Obligations” shall mean the [bonds].

“Issuer” shall mean the [Authority].

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime

Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Obligor” shall mean the [_____].

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

“Security Documents” shall mean the resolution, trust agreement, indenture, ordinance, loan agreement, lease agreement, bond, note, certificate and/or any additional or supplemental document executed in connection with the Insured Obligations.

EXHIBIT B

**DOCUMENT, PRINTING AND DISCLOSURE
INFORMATION FOR
PUBLIC FINANCE TRANSACTIONS**



BUILD AMERICA MUTUAL ASSURANCE COMPANY

DOCUMENT, PRINTING AND DISCLOSURE

INFORMATION FOR

PUBLIC FINANCE TRANSACTIONS

This information is intended for use by bond counsel, the underwriters, financial advisors, printers and preparers of municipal bond offerings that will be insured in whole or in part by Build America Mutual Assurance Company ("BAM").

Prior to any reference to BAM in your marketing efforts, including, but not limited to any preliminary or final Official Statement and any rating agency presentation, in respect of a BAM-insured issue, BAM must receive an executed copy of its Commitment Letter. Blacklined copies of each draft of each transaction document, preliminary and final official statements with Appendices, and bond form(s) should be delivered to BAM for review and comment with reasonable opportunity to submit any comments prior to printing or execution, but in any event not less than three business days prior to execution. Such documents shall be delivered to the BAM attorney working on the transaction. If you are uncertain of the proper person to whom to deliver the documents, please email the documents to: documents@buildamerica.com. Please identify the issuer, obligor and issue name in the subject line of the email.

BAM will deliver to Bond Counsel, at the pre-closing for any such municipal bond offering (such offering to the extent insured by BAM, the "Insured Obligations"), assuming the requirements of the Commitment Letter have been met,

- an opinion of counsel as to the validity of the policy,
- a disclosure, no default and tax certificate of BAM, the executed policy and
- other certificates, if any, required in the transaction.

Prior to closing, BAM will obtain the rating letter from Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, relating to any Insured Obligations. Note that any questions with regards to rating agency fees should be directed to the rating agency.

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BAM DIRECTORY

<u>Name</u>	<u>Title</u>	<u>Telephone</u>	<u>Email</u>
<u>BAM ATTORNEYS</u>			
Jill Greiss	Deputy Counsel	212-235-2515	jgreiss@buildamerica.com
<u>CLOSING COORDINATORS</u>			
Nolan Miller		212-235-2511	nmiller@buildamerica.com

**BUILD AMERICA MUTUAL ASSURANCE COMPANY
("BAM")
DISCLOSURE INFORMATION
(FOR INCLUSION IN THE OFFICIAL STATEMENT)**

The following are BAM's requirements for printing the preliminary and final official statements:

1. Both the preliminary and final official statements must contain the information set forth in these Exhibits and BAM must be provided with final drafts for its approval and sign off thereon at least two business days prior to the printing thereof;
2. Any changes made to the BAM Disclosure Information for inclusion in the preliminary and final official statements must first be approved by BAM, and
3. BAM must receive an electronic copy of the final official statement seven (7) days prior to closing, unless BAM shall have agreed to some shorter period.

TO BE PRINTED ON THE COVER OF THE OFFICIAL STATEMENT:

The following language should be used when insuring:

1. THE ENTIRE ISSUE:

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

2. CAPITAL APPRECIATION BONDS:

The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

3. PARTIAL MATURITIES (LESS THAN ENTIRE ISSUE):

The scheduled payment of principal of and interest on the Bonds maturing on _____ of the years _____ through _____, inclusive, with CUSIP #(s) _____ (collectively, the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

4. CERTIFICATES OR NOTES:

Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

**PRINTER'S NOTE: USE BUILD AMERICA MUTUAL ASSURANCE COMPANY
LOGO AND INK #PMS BLUE 2736; REDS 199, 201 AND 1817.**

THE LOGO MAY BE OBTAINED FROM BAM'S WEBSITE
WWW.BUILDAMERICA.COM

TO BE PRINTED IN THE BODY OF THE OFFICIAL STATEMENT OR AS AN EXHIBIT

USE THE FOLLOWING LANGUAGE WHEN INSURING THE ENTIRE ISSUE:

NOTE: The language under the subheading "Bond Insurance Policy" should be modified when insuring Capital Appreciation Bonds, Partial Maturities (less than the entire issue), Certificates and/or Notes.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2015 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$472.1 million, \$31.0 million and \$441.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/.

Obligor Disclosure Briefs. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Obligor Disclosure Brief for those bonds. These pre-sale Obligor Disclosure Briefs provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Obligor Disclosure Briefs will be updated and superseded by a final Obligor Disclosure Brief to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Obligor Disclosure Briefs are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce an Obligor Disclosure Brief for all bonds insured by BAM, whether or not a pre-sale Obligor Disclosure Brief has been prepared for such bonds.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

The Bond Insurance language for the Official Statement under the subheading "Bond Insurance Policy" should be replaced with the following language when insuring:

1. CAPITAL APPRECIATION BONDS:

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

2. PARTIAL MATURITIES (LESS THAN THE ENTIRE ISSUE):

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on _____ of the years _____ through _____, inclusive, with CUSIP #'s____ (collectively, the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

3. CERTIFICATES OR NOTES:

Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

**TO BE PRINTED ON THE INSIDE COVER OF OFFICIAL STATEMENT
AS PART OF THE DISCLAIMER STATEMENT:**

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Exhibit __ - Specimen Municipal Bond Insurance Policy".

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

STATEMENT OF INSURANCE
(Language for the Bond Form)

This form is not to be included in the Official Statement.

The Bonds shall bear a Statement of Insurance in the following form.

The following language should be used when insuring

1. THE ENTIRE ISSUE:

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to **{insert name of paying agent or trustee}, {city or county}, {state}**, or its successor, [as paying agent for the Bonds (the "Paying Agent")] [as trustee for the Bonds (the "Trustee")]. Said Policy is on file and available for inspection at the principal office of the [Paying Agent] [Trustee] and a copy thereof may be obtained from BAM or the [Paying Agent][Trustee]. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

2. CAPITAL APPRECIATION BONDS:

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") in respect of the scheduled payments due of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on this Bond to **{insert name of paying agent or trustee}, {city or county}, {state}**, or its successor, as [paying agent for the Bonds (the "Paying Agent")] as trustee for the Bonds (the "Trustee"). Said Policy is on file and available for inspection at the principal office of the [Paying Agent][Trustee] and a copy thereof may be obtained from BAM or the [Paying Agent][Trustee]. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

3. PARTIAL MATURITIES (LESS THAN ENTIRE ISSUE):

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Bonds maturing on _____ of the years _____ through _____, inclusive (the "Insured Bonds"), to **{insert name of paying agent or trustee}, {city or county}, {state}**, or its successor, [as paying agent for the Insured Bonds (the "Paying Agent")][as trustee for the Insured Bonds (the "Trustee")]. Said Policy is on file and available for inspection at the principal office of the [Paying Agent][Trustee] and a copy thereof may be obtained from BAM or the [Paying Agent][Trustee]. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

4. CERTIFICATES OR NOTES:

Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

EXHIBIT C

BAM LEGAL OPINION AND CERTIFICATE

[CLOSING DATE]

[ADDRESSEES (ISSUER, UNDERWRITER AND TRUSTEE)]

Re: Municipal Bond Insurance Policy No. [POLICY NO.] With Respect to
\$____ [Name of Issuer] (the "Issuer")
____ Bonds, Series ____ (the "Bonds")

Ladies and Gentlemen:

I am Counsel of Build America Mutual Assurance Company, a New York mutual insurance company ("BAM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by BAM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. BAM is a mutual insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by BAM.
3. The Policy constitutes the valid and binding obligation of BAM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of BAM and to the application of general principles of equity.
4. The issuance of the Policy qualifies [the Issuer] as a member of BAM until [the Bonds] are no longer outstanding. As a member of BAM, [the Issuer] is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policy is non-assessable and creates no contingent mutual liability.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE" in the official statement relating to the above-referenced Bonds dated [DATE] (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or

as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, or omitted from, "the Official Statement".

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

This letter and the legal opinions herein are intended for the information solely of the addressees hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity (including, without limitation, any person or entity that acquires bonds from an addressee of this letter.) I do not undertake to advise you of matters that may come to my attention subsequent to the date hereof that may affect the conclusions expressed herein.

Very truly yours,

**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
BUILD AMERICA MUTUAL ASSURANCE COMPANY**

The undersigned hereby certifies on behalf of BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), in connection with the issuance by BAM of its Policy No. [POLICY NO.] (the "Policy") in respect of the [\$AMOUNT] [NAME OF TRANSACTION] (the "Bonds") that:

- (i) The information set forth under the caption "BOND INSURANCE-BUILD AMERICA MUTUAL ASSURANCE COMPANY" in the official statement dated [DATE], relating to the Bonds (the "Official Statement") is true and correct;
- (ii) BAM is not currently in default nor has BAM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation;
- (iii) The Policy is an unconditional and recourse obligation of BAM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds when due in the event of Nonpayment by the Issuer (as set forth in the Policy);
- (iv) The insurance payment (inclusive of the sum of the Risk Premium and the Member Surplus Contribution) (the "Insurance Payment") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to BAM as a condition to the issuance of the Policy;
- (v) BAM will, for federal income tax purposes, treat the Insurance Payment as solely in consideration for the insurance risk it assumes in the Policy and not as consideration for an investment in BAM or its assets;
- (vi) No portion of such Insurance Payment represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by BAM to maintain its rating, which, together with all other overhead expenses of BAM, are taken into account in the formulation of its rate structure, or for the provision of additional services by BAM, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor);
- (vii) BAM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Insurance Payment, BAM will not use any portion of the Bond proceeds;
- (viii) Except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by BAM, unless BAM has issued a debt service reserve insurance policy with respect to the Bonds.
- (ix) BAM does not expect that a claim will be made on the Policy; and

(x) Neither the Issuer nor any other Obligor is entitled to a refund of the Insurance Payments for the Policy in the event a Bond is retired before the final maturity date.

BAM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Dated: [CLOSING DATE]

**Primary Market Disclosure Certificate
[Bond Description] (the “Insured Bonds”)**

For the benefit of _____ (the “Issuer”), and acknowledging that the Issuer will be relying on the contents hereof in addressing certain tax and disclosure items and for other matters, Build America Mutual Assurance Company (“Build America”) makes the following representations and warranties as of the date hereof:

1. Neither Build America nor any affiliate of Build America has purchased, or has committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise;
2. Neither Build America nor any affiliate of Build America has entered into any agreement or understanding regarding the purchase or sale of the Insured Bonds, except for the insurance policies that Build America has provided regarding payments due under the Insured Bonds and the documentation associated with said insurance policies.

For the purposes of this certificate, “affiliate of Build America” means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Build America.

[dated as of the closing date]

Build America Mutual Assurance Company

By

Authorized Officer



MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Charles Town, West Virginia

Policy No: 2015B0765

MEMBER: City of Charles Town, West Virginia

Effective Date: November 19, 2015

BONDS: \$4,355,000 in aggregate principal
amount of Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2015 B (Bank-Qualified)

Risk Premium:	\$11,206.87
Member Surplus Contribution:	\$14,824.56
Total Insurance Payment:	\$26,031.43

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall

elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

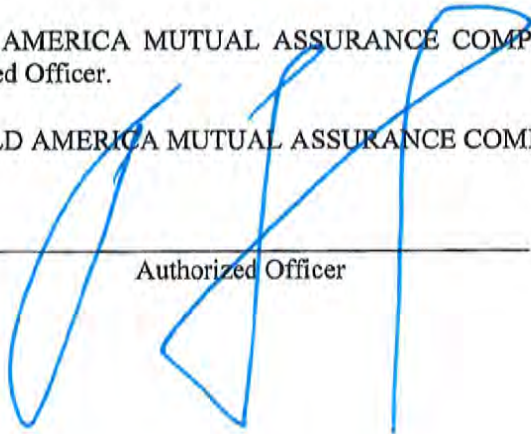
To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

IN WITNESS WHEREOF, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer



Schedule A

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)



Primary Market Disclosure Certificate

City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified) (the "Insured Bonds")

For the benefit of City of Charles Town, West Virginia (the "Issuer"), and acknowledging that the Issuer will be relying on the contents hereof in addressing certain tax and disclosure items and for other matters, Build America Mutual Assurance Company ("Build America") makes the following representations and warranties as of the date hereof:

1. Neither Build America nor any affiliate of Build America has purchased, or has committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise;
2. Neither Build America nor any affiliate of Build America has entered into any agreement or understanding regarding the purchase or sale of the Insured Bonds, except for the insurance policies that Build America has provided regarding payments due under the Insured Bonds and the documentation associated with said insurance policies.

For the purposes of this certificate, "affiliate of Build America" means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Build America.

November 19, 2015

Build America Mutual Assurance Company

By: _____
Authorized Officer

A large, stylized handwritten signature in blue ink is written over the signature line and extends upwards into the company name.



**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM Policy No.: 2015B0765

BONDS: \$4,355,000 in aggregate principal amount of
City of Charles Town, West Virginia
Combined Waterworks and Sewerage System Refunding Revenue Bonds,
Series 2015 B (Bank-Qualified)

Date of the Official Statement: October 20, 2015

The undersigned hereby certifies on behalf of BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), in connection with the issuance by BAM of its Policy referenced above (the "Policy") in respect of the Bonds referenced above (the "Bonds") that:

(i) The information set forth under the caption "BOND INSURANCE-BUILD AMERICA MUTUAL ASSURANCE COMPANY" in APPENDIX I to the official statement referenced above, relating to the Bonds (the "Official Statement") is true and correct;

(ii) BAM is not currently in default nor has BAM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation;

(iii) The Policy is an unconditional and recourse obligation of BAM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds when due in the event of Nonpayment by the Issuer (as set forth in the Policy);

(iv) The insurance payment (inclusive of the sum of the Risk Premium and the Member Surplus Contribution) (the "Insurance Payment") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to BAM as a condition to the issuance of the Policy;

(v) BAM will, for federal income tax purposes, treat the Insurance Payment as solely in consideration for the insurance risk it assumes in the Policy and not as consideration for an investment in BAM or its assets;

(vi) No portion of such Insurance Payment represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by BAM to maintain its rating, which, together with all other overhead expenses of BAM, are taken into account in the formulation of its rate structure, or for the provision of additional services by BAM, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor);

(vii) BAM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Insurance Payment, BAM will not use any portion of the Bond proceeds;

(viii) Except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by BAM, unless BAM has issued a debt service reserve insurance policy with respect to the Bonds;

(ix) BAM does not expect that a claim will be made on the Policy; and

(x) Neither the Issuer nor any other Obligor is entitled to a refund of the Insurance Payment for the Policy in the event a Bond is retired before the final maturity date.

BAM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Dated: November 19, 2015



55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212-438-2000
reference no.:784428

Revised
October 21, 2015

Build America Mutual Assurance Company
1 World Financial Center- 27th FL
200 Liberty Street
New York, NY 10281
Attention: Ms. Laura Levenstein, Chief Risk Officer

Re: *\$2,750,000 City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2015 A (Bank-Qualified), dated: Date of Delivery, Due: December 1, 2016-2027, 2030, 2032, (POLICY #2015B0763)*

\$4,355,000 City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated: Date of Delivery, Due: December 1, 2016-2025, 2028, (POLICY #2015B0765)

Dear Ms. Levenstein:

Standard & Poor's Ratings Services ("Ratings Services") has assigned an insured rating of "AA" on the above obligations, based on the policy provided by your company.

We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the letter, please notify us of any changes or amendments over the term of the debt.

The credit ratings and other views of Ratings Services are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

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Standard & Poor's must receive complete documentation relating to this issue no later than 90 days after the date of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,



Standard & Poor's Ratings Services

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enclosure



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