CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B
(TAX EXEMPT)

BOND ORDINANCE

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CITY OF CHARLES TOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE certificate AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System, consisting of (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer;

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

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the sewerage portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"), such Series 2016 B Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 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 AND FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 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 of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2016 B Bonds shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser relating to the sale and purchase of the Series 2016 B Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2016 B Bonds.

"Bond Year" means with respect to each series of the Series 2016 B Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2016 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, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 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, where appropriate, the Council, and any successor thereto.

"City Council" or "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.

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

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

"Consulting Engineers" means Rummel, Klepper & Kahl, LLP, Keyser, West Virginia, or any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Continuing Disclosure Certificate" means the agreement delivered by the Issuer to disseminate annual financial information and material event disclosures as required by Rule 15c2-12.

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

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

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

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

"DTC-eligible" means, with respect to the Series 2016 B Bonds, meeting the qualifications prescribed by DTC.

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, and all other items of income which have been established as reasonably anticipated annual income 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 Certified Public Accountant" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time

hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

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

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

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2016 B Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2016 B Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2016 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 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 the investment of proceeds of the Series 2016 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2016 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2016 B Bonds.

"Official Statement" means a document or set of documents prepared by an issuer of municipal securities or its representatives setting forth, among other matters, information concerning the Issuer of such municipal securities and the proposed issue of securities that is complete as of the date of delivery of the document or set of documents to the Original Purchaser.

"Operating Expenses" unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 B Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2016 B Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 hereof; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2016 B 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 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds.

"Prior Ordinances" means, collectively, the ordinance 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.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances.

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 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 2016 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 2016 B Bonds are privately placed, the price paid by the first buyer of the Series 2016 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 2016 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 2016 B Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2016 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 any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2016 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 1986 as amended.

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

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

"Rule 15c2-12" means Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

"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 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, dated November 19, 2015, issued in the aggregate principal amount of $2,750,000.

"Series 2015 B Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, dated November 19, 2015, issued in the aggregate principal amount of $4,355,000.

"Series 2016 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A, dated March 8, 2016, issued in the aggregate principal amount of $7,695,000.

"Series 2016 B Bonds Construction Fund" means the Series 2016 B Bonds Construction Fund created by Section 4.01 hereof.

"Series 2016 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2016 B Bonds Costs of Issuance Fund" means the Series 2016 B Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2016 B Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2016 B Bonds Reserve Account" means the Series 2016 B Bonds Reserve Account created in the Series 2016 B Bonds Sinking Fund by Section 4.02 hereof.

"Series 2016 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 B Bonds, (ii) Maximum Annual Debt

Service at the time of original issuance of the Series 2016 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 B Bonds.

"Series 2016 B Bonds Sinking Fund" means the Series 2016 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2016 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 or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Original Purchaser, Bond Purchase Agreement, Bond Insurer provisions (if any) and other terms of the Series 2016 B Bonds and authorizing the sale of the Series 2016 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 or the Series 2016 B Bonds.

"System" means the complete existing combined municipal waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Project 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.

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2016 B Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

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

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

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

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

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

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

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the Issuer, that there be acquired and constructed certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the Project, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt), in the aggregate principal amount of not more than $5,000,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 B Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2016 B Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2016 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 (the "Bond Purchase Agreement"), as shall be approved by the Supplemental Resolution of the Issuer.

F. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2016 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");

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");

20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, dated November 19, 2015, issued in the aggregate principal amount of $2,750,000 (the "Series 2015 A Bonds");

21. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, dated November 19, 2015, issued in the aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and

22. Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A, dated March 17, 2016, issued in the aggregate principal amount of $7,695,000 (the "Series 2016 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A 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".

Prior to the issuance of the Series 2016 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 of the Registered Owners of the Prior Bonds to the issuance of the Series 2016 B Bonds on a parity with such Prior Bonds if required by the Prior Ordinances. The Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds do not require written 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 intends to issue the Series 2016 B Bonds and to pledge for payment thereof, the Gross Revenues of the System, on a parity with each other and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2016 B Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2016 B Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance and the Prior Ordinances.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2016 B Bonds, and secure the Series 2016 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2016 B Bonds Reserve Account, unexpended proceeds of the Series 2016 B Bonds and as further set forth herein.

J. The Series 2016 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 2016 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 2016 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 2016 B Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 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 authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2016 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 2016 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 Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $5,000,000. The proceeds of the Series 2016 B Bonds hereby authorized shall be applied as provided herein. The Series 2016 B Bonds are hereby authorized, to be issued in one or more series, in the aggregate principal amount of not more than $5,000,000.

ARTICLE III

THE SERIES 2016 B BONDS

Section 3.01. Form and Payment of Bonds. No Series 2016 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 B Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2016 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 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 2016 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 2016 B Bonds shall be in default, Bonds issued in exchange for Series 2016 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 2016 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 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 2016 B Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2016 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 2016 B Bonds are redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2016 B Bond in the principal amount of said Series 2016 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2016 B Bonds shall be executed in the name of the Issuer by the Mayor, by his manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2016 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 2016 B Bonds shall be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2016 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 Series 2016 B Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2016 B BONDS attached hereto and incorporated herein by reference with respect to the Series 2016 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2016 B Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2016 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 2016 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2016 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, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2016 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 B Bonds. The Series 2016 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 2016 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 2016 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 2016 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 B Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2016 B Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 B 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 2016 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2016 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 destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2016 B Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2016 B Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2016 B Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2016 B Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2016 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.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2016 B Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2016 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2016 B 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 2016 B Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2016 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice.

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

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

If funds sufficient to redeem all Series 2016 B Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2016 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2016 B Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2016 B Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2016 B 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 2016 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 or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2016 B Bonds. For the purposes of paying a portion of the costs of acquisition and construction of improvements and betterments to the sewerage portion of the System, paying capitalized interest, if any, funding the Series 2016 B Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2016 B Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $5,000,000. Said Series 2016 B Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 B Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2016 B Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $5,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 6%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 30 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2016 B Bonds. A. The Series 2016 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2016 B Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2016 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided, that if DTC shall request that the Series 2016 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2016 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2016 B Bond or any other evidence of ownership of the Series 2016 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2016 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2016 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2016 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2016 B Bonds shall be made to DTC or its nominee at the addresses set forth in the

Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2016 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2016 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2016 B Bonds so redeemed, but DTC may retain such Series 2016 B Bonds and make an appropriate notation on the Series 2016 B Bonds certificate as to the amount of such partial redemption; provided, that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2016 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2016 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2016 B Bonds, selecting the Series 2016 B Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2016 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2016 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2016 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2016 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2016 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2016 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2016 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2016 B Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2016 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2016 B Bonds.

Section 3.12. Delivery of Series 2016 B Bonds. The Issuer shall execute and deliver the Series 2016 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 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 2016 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 2016 B Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2016 B Bonds by Bond Counsel; and

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

Section 3.13. Form of Series 2016 B Bonds. The definitive Series 2016 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 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 2016 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 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 2016 B Bonds. Upon the issuance and delivery of the Series 2016 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued, if any, on the Series 2016 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2016 B Bonds Sinking Fund and applied to payment of interest on the Series 2016 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2016 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 2016 B Bonds Reserve Account; provided, that to the extent the Series 2016 B Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2016 B Bonds shall be deposited in the Series 2016 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 B Bonds Reserve Requirement.

3. The amount of Series 2016 B Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 B Bonds shall be deposited with the Depository Bank in the Series 2016 B Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 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 2016 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 B Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 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 2016 B Bonds from which such proceeds are derived.

4. The balance of Series 2016 B Bonds proceeds, if any, shall be deposited in the Series 2016 B Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2016 B Bonds Construction Fund. Disbursements from the Series 2016 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2016 B Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2016 B Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by 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 (except as set forth in this Section 4.01), 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) Rebate Fund (established by Prior Ordinances); and

(5) Series 2016 B Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued if established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(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 2010 A Bonds Sinking Fund (established by Prior Ordinances);

(18) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);

(19) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);

(20) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);

(21) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);

(22) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);

(23) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);

(24) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);

(25) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);

(27) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);

(28) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);

(29) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);

(30) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);

(31) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);

(32) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);

(33) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);

(34) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);

(35) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);

(36) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);

(37) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);

(38) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);

(39) Series 2015 A Bonds Sinking Fund (established by Prior Ordinances);

(40) Series 2015 A Bonds Reserve Account (established by Prior Ordinances);

(41) Series 2015 B Bonds Sinking Fund (established by Prior Ordinances);

(42) Series 2015 B Bonds Reserve Account (established by Prior Ordinances);

(43) Series 2016 A Bonds Sinking Fund (established by Prior Ordinances);

(44) Series 2016 A Bonds Reserve Account (established by Prior Ordinances);

(45) Series 2016 B Bonds Sinking Fund; and

(46) Series 2016 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 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, each month on or before the due date, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required to be paid by Prior Ordinances for the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 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 2016 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2016 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 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 Commission (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) for deposit in the Series 2016 B Bonds Sinking Fund (and in the Series 2016 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2016 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2016 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2016 B Bonds on the next ensuing principal payment or mandatory Redemption Date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 B Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2016 B Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2016 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the respective Prior Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2016 B Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2016 B Bonds, for deposit in the Series 2016 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 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 2016 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2016 B Bonds Reserve Account, as a result of a decrease in value of the Series 2016 B Bonds Reserve Account below the Series 2016 B Bonds Reserve Account Requirement or any withdrawal from the Series 2016 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2016 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 B Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 B Bonds Reserve Account is less than the Series 2016 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 B Bonds Reserve Account for deposit into the Series 2016 B Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 B Bonds Reserve Account to an amount equal to the Series 2016 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available;

provided, however, that if the shortfall in the Series 2016 B Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 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 2016 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2016 Reserve Account Requirement.

Amounts in the Series 2016 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2016 B Bonds when due, when amounts in the Series 2016 B Bonds Sinking Fund are insufficient therefor 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) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2016 B Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2016 B Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2016 B Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE

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

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

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

(A) Qualified Investments acquired for the Series 2016 B Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2016 B Bonds Reserve Account to the Series 2016 B Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2016 B Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2016 B Bonds Reserve Account an amount at least equal to the Series 2016 B Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2016 B Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2016 B Bonds Reserve Account shall, at any time, be less than the applicable Series 2016 B Bonds 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 Sinking Fund and otherwise in accordance with Section 4.03.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2016 B Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2016 B Bonds 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. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser, the form of which shall be approved by the Supplemental Resolution, sufficient to ensure compliance with Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and Clerk to take all actions necessary for the Issuer to comply with the continuing disclosure certificate.

Section 5.03. Arbitrage and Tax Exemption. The Issuer covenants 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 2016 B Bonds which would cause the Series 2016 B 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 implied limitation, the timely filing of a federal information return with respect to the Series 2016 B Bonds) so that the interest on the Series 2016 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 5.04. 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 Bond 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 2016 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 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.

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 2016 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 2016 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 2016 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 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 monies in the Series 2016 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2016 B Bonds or money in the Series 2016 B Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2016 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2016 B Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2016 B Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2016 B Bonds, all monies and securities in the Series 2016 B Bonds Sinking Fund, including the Series 2016 B Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2016 B Bonds herein authorized, to make the payments into the Series 2016 B Bonds Sinking Fund, all monies and securities in the Series 2016 B Bonds Sinking Fund, the Series 2016 B Bonds Reserve Account 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 2016 B Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted on March 2, 2015 and the sewer rate ordinance of the Issuer enacted March 21, 2016, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2016 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance and in compliance with this Ordinance. In the event the schedule of rates and charges initially established for the System in connection with the Series 2016 B Bonds shall prove to be insufficient to produce the required sums set forth in this Ordinance, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance.

Prior to the issuance of the Series 2016 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 City 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 (a) so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 B Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2016 B Bonds including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 90 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2016 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 defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2016 B Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Gross Revenues of the System.

The foregoing provision notwithstanding, the Issuer 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 may provide for the sale of such property. 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 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 not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund.

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 any applicable Bond Insurer, if any, and the Holders, or their duly authorized representatives, of 51% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer, if any, and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues with the Series 2016 B Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Series 2016 B 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 2016 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 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 on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable.

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition and 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 to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2016 B Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Ordinance then Outstanding; and

(3) The additional Parity Bonds then proposed to be issued.

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

The Net Revenues actually derived from the System during the 12 consecutive month period herein above 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 Certified Public 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 has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and

their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. 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 Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens 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, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Provided, however, that if the most recent audit by an independent certified public accountant for the Issuer states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Ordinance for the year being audited and the Issuer has, as required by Section 6.04, sought a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the Issuer from issuing additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2016 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 rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

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

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

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

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

C. 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 Jefferson County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the 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, member and employee of the Issuer or the Governing Body 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.

The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event 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 6.11. Enforcement of Collections. The Issuer 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 further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System 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 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The 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 Series 2016 B Bond, 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 Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Series 2016 B Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

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

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and

found to be a hazard to the health, safety, comfort and welfare of the residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 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 2016 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may obtain a Municipal Bond Insurance Policy for the Series 2016 B Bonds. In the event such Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2016 B Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 B Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.18. 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 2016 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 the Series 2016 B Bonds during the term thereof is, under the terms of the Series 2016 B 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) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2016 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 2016 B Bonds during the term thereof is, under the terms of the Series 2016 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 2016 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2016 B Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2016 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 2016 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2016 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 2016 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 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2016 B Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Certificate in such form as may be approved by the Supplemental Resolution, and the Mayor are authorized and directed to execute and deliver such Continuing Disclosure Certificate on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of such Certificate by the Mayor.

Section 6.20 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2016 B Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2016 B Bonds and as the Mayor may approve (the "Official Statement"). The execution of the Official Statement by the Mayor shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

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 2016 B Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2016 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

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

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

(C) Bring suit upon the Series 2016 B Bonds, as applicable;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

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

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

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2016 B Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2016 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, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2016 B Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2016 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The

Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2016 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2016 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2016 B Bonds, the first exchange of Series 2016 B Bonds and the exchange of Series 2016 B Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2016 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 Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2016 B Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2016 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 Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately; provided, that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2016 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument; provided, that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2016 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2016 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 Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2016 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 monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2016 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, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2016 B Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2016 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 monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to

redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2016 B Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2016 B Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer; provided, that in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2016 B Bonds then Outstanding and affected thereby and the Bond Insurer, if any, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2016 B Bonds required for consent to any such modification or amendment.

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

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of

such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

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

C. The amount of fully registered Series 2016 B Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2016 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 Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

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

Section 10.04. Cancellation of Bonds. All Series 2016 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 Bonds shall be deemed Outstanding under this Ordinance and no Series 2016 B Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2016 B Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer, if any, 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:

ISSUER
City of Charles Town
P.O. Box 14
Charles Town, West Virginia 25414
Attention: Mayor

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

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attn: Executive Director

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

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

BOND INSURER
[Name(s) and address(es) to be set forth in the Supplemental Resolution, if any]

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

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

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2016 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 Holders of the Series 2016 B Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 B Bonds, the Bond Insurer, if any, and the Original Purchaser.

Section 10.10. Reserved

Section 10.11. 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 10.12. Table of Contents and Headlines. 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 10.13. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Spirit of Jefferson Advocate*, a newspaper of general circulation in the City of Charles Town, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2016 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

First Reading:	May 16, 2016
Second Reading:	June 6, 2016
Effective following Public Hearing held on:	July 18, 2016

CITY OF CHARLES TOWN

Mayor

SEAL

ATTEST:

City Clerk

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of the CITY OF CHARLES TOWN at a regular meeting of the City Council held on July 18, 2016.

Dated: August 18, 2016

[SEAL]

City Clerk

EXHIBIT A – FORM OF SERIES 2016 B BONDS

[DTC Legend]

No. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2016 B (TAX EXEMPT)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2016 B Bonds, and (iii) to pay certain costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2016, and supplemented by a supplemental resolution adopted by said Council on _____, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

[The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer]___.]

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____ Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____ Year (1)	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

_____]
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: _____, 2016.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION AUTHORIZING AND APPROVING CERTAIN PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX-EXEMPT) OF THE CITY OF CHARLES TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A TAX COMPLIANCE POLICY, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, A REGISTRAR AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT; AN OFFICIAL STATEMENT, A CERTIFICATE OF DETERMINATIONS 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; PAYING AGENT AND DEPOSITORY BANK FOR SUCH BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of the City of Charles Town (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective July 18, 2016 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt), in the aggregate principal amount of not more than $5,000,000, for the purposes of paying all or a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the System capitalizing interest on the Series 2016 B Bonds, funding a reserve account for the Series 2016 B Bonds, paying costs of bond insurance, and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Series 2016 B Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2016 B Bonds should be established by a Certificate of Determinations, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Bonds be provided for pursuant to a Certificate of Determinations, that additional covenants and provisions relating to the Series 2016 B Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2016 B Bonds and/or providing a debt service reserve insurance policy for such Series 2016 B Bonds and that other matters pertaining to the Series 2016 B Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Series 2016 B Bonds are proposed to be purchased by Crews & Associates, Inc. (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 wishes to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Series 2016 B Ordinance, the final terms of the Bonds and all provisions of all documents relating to the Series 2016 B Bonds and execute a Certificate of Determinations, without the requirement of further official action by this Governing Body; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the "Series 2016 B Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Preliminary Official Statement and Official Statement relating to the Series 2016 B Bonds, hereinafter described, be approved, that the Mayor be authorized to execute the Certificate of Determinations and enter into the Bond Purchase Agreement, all within the parameters hereby approved by the Governing Body, and that other matters relating to the Series 2016 B Bonds be herein provided for, all in accordance with the Series 2016 B Ordinance.

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

Section 1. For the purposes of (i) paying all or a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) capitalizing

interest, if any, on the Series 2016 B Bonds (iii) funding a debt service reserve account for the Series 2016 B Bonds through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy; (iv) if determined to be financially advantageous to the Issuer, paying the premium for a Municipal Bond Insurance Policy; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs. The Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2016 B Bonds in an aggregate principal amount not to exceed $5,000,000.

Section 2. Pursuant to the Ordinance and the Act, this Series 2016 B Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2016 B Bonds. The Series 2016 B Bonds shall be issued in the aggregate principal amount not to exceed $5,000,000, bear interest at a true interest rate not to exceed 6.0% payable semiannually, shall mature in not more than 30 years from the date of issue, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, and 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 2016 B Bonds, dated the date of the Bond Purchase Agreement, the form of such Certificate of Determinations is attached hereto as **EXHIBIT A** and approved hereby (the "Certificate of Determinations"), and shall be substantially in the form set forth in the Ordinance; provided, however, that the specific terms of the Series 2016 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 the Bond Purchase Agreement on behalf of the Issuer 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 2016 B Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 4. 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 ratifies the Tax Compliance Policy attached hereto as **EXHIBIT B**.

Section 5. A. The Continuing Disclosure Certificate, to be dated the date of execution and delivery of the Series 2016 B Bonds (the "Disclosure Agreement"), by and between 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 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 ratifies the Continuing Disclosure Policy attached hereto as **EXHIBIT C**.

Section 6. 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 7. 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 8. 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 2016 B Bonds.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia for the purpose of serving in the capacity of Registrar.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

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

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 117
Charleston, West Virginia 25302
Attention: Executive Director

ORIGINAL PURCHASER

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

Section 12. The Issuer may, in the Mayor's sole discretion, 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 2016 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 2016 B Bonds. These additional covenants and provisions shall be set forth in the Certificate of Determinations, shall apply to the Series 2016 B Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2016 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2016 B Ordinance and this Series 2016 B Supplemental Parameters Resolution may be in conflict therewith.

Section 13. The Issuer may, in the Mayor's sole discretion, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 B Bonds Debt Service Reserve Fund for the Series 2016 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 2016 B Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Certificate of Determinations, shall apply to the Series 2016 B Bonds, and shall be supplemental to, and amendatory of, the Series 2016 B Ordinance and this Series 2016 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2016 B Ordinance and this Series 2016 B Supplemental Parameters Resolution may be in conflict therewith.

Section 14. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by Build America Mutual ("BAM") to secure the payment of principal of, and interest on, the Series 2016 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 2016 B Insurance Commitment"). The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to BAM.

Section 15. Pursuant to the Series 2016 B Insurance Commitment, the covenants and provisions which are required By BAM as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2016 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 2016 B Ordinance and applicable to the Series 2016 B Bonds.

Section 16. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by Build America Mutual ("BAM") to fund the Series 2016 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 2016 B Reserve Commitment"). The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to BAM.

Section 17. Pursuant to the Series 2016 B Reserve Commitment, and 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 2016 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 2016 B Bonds.

Section 18. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2016 B Bonds issue to the end that the Series 2016 B Bonds may be delivered as provided in the Bond Purchase Agreement.

Section 19. The financing of the Project with proceeds of the Series 2016 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 20. 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 2016 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 2016 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 Blank]

Section 17. This Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of July, 2016.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

[SEAL]

Attest:

_____
City Clerk

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of the CITY OF CHARLES TOWN on the 18th day of July, 2016.

Dated: August 18, 2016

[SEAL]

City Clerk

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax- Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, Peggy Smith, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Series 2016 B Supplemental Parameters Resolution adopted by the Council of the Issuer on _____, 2016 (the "Series 2016 B Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (the "Series 2016 B Bonds"), hereby finds and determines this _____ day of _____, 2016 as follows:

1. The Series 2016 B Bonds shall be dated the date of closing thereon (estimated to be _____ _____, 2016) and shall bear interest on _____ and _____ of each year commencing _____, 2016.

2. The Series 2016 B Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of ___%. Such interest cost does exceed _____%, being the maximum interest rate authorized by the Series 2016 B Supplemental Parameters Resolution.

3. The Series 2016 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 2016 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 2016 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 2016 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 of $_____).

7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Certificate, the Registrar Agreement, the Rule 15c2-12 Certificate and Official Statement 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 2016 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 2016 B Insurance Commitment") dated _____, 2016. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to _____.

9. Pursuant to the Series 2016 B Insurance Commitment, and, as permitted by Section 12 of the Series 2016 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 2016 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 2016 B Ordinance and applicable to the Series 2016 B Bonds.

10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by _____ ("_____") to fund the Series 2016 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 2016 B Reserve Commitment") dated _____, 2016. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to _____.

11. Pursuant to the Series 2016 B Reserve Commitment, and, as permitted by Section 13 of the Series 2016 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 2016 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 2016 B Bonds.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2016 B Bonds are within the parameters prescribed by the Series 2016 B Supplemental Parameters Resolution, and the Series 2016 B Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS our signatures the day and year first written above.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2016 B BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (_____1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.	
BR-1	_____1	$_____	_____%	_____%	_____	

Schedule 2

Redemption Provisions:

Series 2016 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 B

TAX COMPLIANCE POLICY

CITY OF CHARLES TOWN (WEST VIRGINIA)

TAX COMPLIANCE POLICIES

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 Revenue Bonds, Series 2016 B (Tax-Exempt) (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.

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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: _____, 2016

EXHIBIT C
Continuing Disclosure Policy

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax- Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, Peggy Smith, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Series 2016 B Supplemental Parameters Resolution adopted by the Council of the Issuer on July 18, 2016 (the "Series 2016 B Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (the "Series 2016 B Bonds"), hereby finds and determines this 4th day of August, 2016 as follows:

1. The Series 2016 B Bonds shall be dated the date of closing thereon (estimated to be August 18, 2016) and shall bear interest on June 1 and December 1 of each year commencing December 1, 2016.

2. The Series 2016 B Bonds shall be issued in the aggregate principal amount of $3,895,000, at a true interest cost of 3.0987342%. Such interest cost does exceed 6.0%, being the maximum interest rate authorized by the Series 2016 B Supplemental Parameters Resolution.

3. The Series 2016 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 2016 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 2016 B Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2016 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 $3,997,250.47 (representing par value less an Underwriter's discount of $30,018.83 and plus a net original issue premium of $132,269.30).

7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Certificate, the Registrar Agreement, the Rule 15c2-12 Certificate and Official Statement 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 2016 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 2016 B Insurance Commitment") dated July 25, 2016. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to BAM.

9. Pursuant to the Series 2016 B Insurance Commitment, and, as permitted by Section 12 of the Series 2016 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 2016 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 2016 B Ordinance and applicable to the Series 2016 B Bonds.

10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by BAM to fund the Series 2016 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 2016 B Reserve Commitment") dated July 25, 2016. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to BAM.

11. Pursuant to the Series 2016 B Reserve Commitment, and, as permitted by Section 13 of the Series 2016 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 2016 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 2016 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 2016 B Bonds.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2016 B Bonds are within the parameters prescribed by the Series 2016 B Supplemental Parameters Resolution, and the Series 2016 B Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS our signatures the day and year first written above.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2016 B BOND TERMS

TERM BONDS

$55,000	**1.500% Term Bonds Due June 1, 2021 at**	**100.000%**	**CUSIP: 160028 FH4**
$180,000	**2.000% Term Bonds Due June 1, 2023 at**	**100.000%**	**CUSIP: 160028 FJ0**
$100,000	**2.150% Term Bonds Due June 1, 2025 at**	**100.000%**	**CUSIP: 160028 FK7**
$115,000	**4.000% Term Bonds Due June 1, 2027* at**	**115.291%**	**CUSIP: 160028 FL5**
$510,000	**4.000% Term Bonds Due June 1, 2031* at**	**112.577%**	**CUSIP: 160028 FM3**
$820,000	**4.000% Term Bonds Due June 1, 2036* at**	**110.296%**	**CUSIP: 160028 FN1**
$980,000	**3.000% Term Bonds Due June 1, 2041 at**	**98.788%**	**CUSIP: 160028 FP6**
$1,135,000	**3.000% Term Bonds Due June 1, 2046 at**	**98.061%**	**CUSIP: 160028 FQ4**

***Priced to optional par call date of June 1, 2026.**

Schedule 2

Redemption Provisions:

Series 2016 B Bonds

Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

If less than all of the Series 2016 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.

EXHIBIT A – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Commitment



MUNICIPAL BOND INSURANCE COMMITMENT

ISSUER:	City of Charles Town, West Virginia
MEMBER:	City of Charles Town, West Virginia
Effective Date:	July 25, 2016
Expiration Date:	September 22, 2016
BONDS:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) in aggregate principal amount not to exceed $3,895,000
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 Security 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. Copies of all drafts of the Security Documents shall be delivered to the BAM contacts specified in Exhibit 1.

(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 No-Litigation Certificate or a description of any 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. 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.

9. 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, including the right to receive dividends if and when declared by BAM's Board of Directors. No dividends have been paid to date, and BAM has no current expectation that any dividends will be paid.

(e) The Policy is non-assessable and creates no contingent mutual liability.

(f) 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 then available Member Surplus Contribution 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

July 25, 2016

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; and (vii) BAM has made no representation that any dividend will be declared or paid while the Bonds are outstanding, the undersigned has no reason for expecting that any dividend will be declared or paid and the potential receipt of any dividend was not a reason for acquiring the Policy. Notwithstanding anything to the contrary set forth herein, upon issuance of the Policy, the provisions set forth under subparagraphs (ii) through (vii) 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

_____
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, 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. 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, 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].

v. To issue additional parity debt in accordance with the requirements set forth in the Security Documents.

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) *Insolvency.* Any reorganization or liquidation plan with respect to the Issuer [or Obligor] must be acceptable to BAM. The Trustee and each owner of the Insured Obligations hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured Obligations and agree that BAM may at any time during the continuation of any proceeding by or against the Issuer or Obligor under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured Obligations delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured Obligations with respect to the Insured Obligations in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

d) *Control by 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.

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, (iii) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) 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, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) 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. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

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. 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.

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 entitle 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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EXHIBIT 1

BAM DIRECTORY

Name	Title	Telephone	Email
BAM ATTORNEYS			
Jill Greiss	Counsel	212-235-2515	jgreiss@buildamerica.com
CLOSING COORDINATORS			
Patrice James		212-235-2559	pjames@buildamerica.com
BAM ANALYST			
Alexis Platis		212-235-2525	aplatis@buildamerica.com

EXHIBIT 2

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 March 31, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.0 million, $41.6 million and $433.4 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/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles 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 Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles 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 Credit Profiles 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 Credit Profiles 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".

EXHIBIT 3

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: $_____

SPECIMEN

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

EXHIBIT 4

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 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,

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 solely 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, or represents a direct or indirect payment for any goods or services provided to the Issuer (including the right to receive a dividend), or 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;

(ix) (a) BAM has not paid any dividends to date, (b) BAM's Board of Directors has resolved that BAM's priorities for surplus, as it accumulates, will be to preserve capital strength and claims paying resources for the benefit of its members and secondarily to return value by reducing premiums charged for its insurance, and (c) BAM has no current expectation that any dividends will be paid;

(x) BAM does not expect that a claim or any other payment will be made on or with respect to the Policy or by BAM to the Issuer; and

(xi) 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

_____
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

EXHIBIT B – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

Municipal Bond Debt Service Reserve Insurance Commitment



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

Issuer:	City of Charles Town, West Virginia	Effective Date: July 25, 2016
Member:	City of Charles Town, West Virginia	Expiration Date: September 22, 2016
Bonds:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2016B insured by BAM in aggregate principal amount not to exceed 3,895,000	
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 it 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 July 25, 2016 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

July 25, 2016
Date

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

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

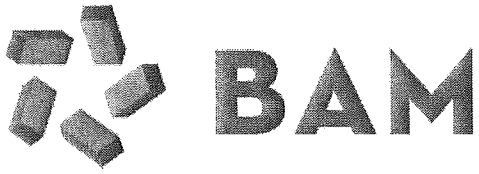
By: _____

Title: Mayor

Date: _____

EXHIBIT A

Specimen Municipal Bond Debt Service Reserve Insurance Policy



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: ISSUER_NAME, STATE_NAME

Policy No: @@POLICY_NO@@

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date: @@CLOSING_DATE@@

BONDS: $_____ in aggregate principal amount of ISSUE_NAME, SERIES

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

Maximum Policy Limit:
$@@DSRF_POLICY_LIMIT@@

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 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

SPECIMEN

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)

SPECIMEN

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:

SPECIMEN

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 oblgation 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 @@ISSUER_NAME@@, @@STATE_NAME@@ (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 Revenue Bonds, Series 2016B [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 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,

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Gregory B. Isaacs, Senior Managing Director of CREWS & ASSOCIATES, INC. (the "Underwriter") and Peggy Smith, Mayor of the City of Charles Town (the "Issuer"), for and on behalf of the Issuer, hereby certify this 18th day of August, 2016 follows:

1. On the 18th day of August, 2016, in New York, New York, the Underwriter received the entire original issue of $3,895,000 in aggregate principal amount of the City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (the "Series 2016 B Bonds"). The Series 2016 B Bonds, as so received on original issuance, are dated August 18, 2016, are in fully registered form, are numbered from BR-1 upward in order of maturity and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Series 2016 B Bonds, they had been executed by the Mayor of the Issuer by her manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by the Clerk of the Issuer by his manual signature, and had been authenticated by an authorized officer of United Bank, Inc., Charleston, West Virginia, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, of the proceeds of the Series 2016 B Bonds, as follows:

Par Amount of Series 2016 B Bonds	$3,895,000.00
Plus: Net Original Issue Premium	132,269.30
Less: Underwriter's Discount	(30,018.83)
Purchase Price	$3,997,250.47

Series 2016 B Bonds proceeds in the amount of $3,997,250.47 was made in immediately available funds (federal funds wire) to the Issuer and Bond Insurer and the uses are shown below:

Acquisition and Construction of the Project	$3,735,730.63
Capitalized Interest Fund	100,484.65
Debt Service Reserve Insurance Policy Premium	8,352.50
Municipal Bond Insurance Policy Premium	32,328.17
Cost of Issuance & Rounding Amount	120,354.52
Total	$3,997,250.47

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 Revenue Bonds, Series 2016 B
(Tax-Exempt)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2016 B BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith (or have previously been delivered to you) as Registrar for the above-captioned Bonds on this 18th day of August, 2016:

1. Bonds No. BR-1 through BR-8 constituting the entire original issue of the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt), dated August 18, 2016, in the aggregate principal amount of $3,895,000, (the "Series 2016 B Bonds"), executed by the Mayor and Clerk of the City of Charles Town (the "Issuer") and bearing the official seal of the Issuer. The Series 2016 B Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on July 18, 2016, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on July 18, 2016 (collectively, the "Bond Legislation").

2. A copy of the Bond Legislation duly certified by the Clerk.

3. Signed, unqualified approving opinion of Steptoe & Johnson PLLC, as bond counsel with respect to the Series 2016 B Bonds.

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

You are hereby requested and authorized, pursuant to Section 3.12 of the Bond Legislation, 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 Bonds to DTC, for the account of Crews and Associates, Inc. as the original purchaser thereof.

[Remainder of Page Intentionally Blank]

Dated the day and year first written above.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

144220.00037

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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 $55,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
1.500%	06/01/2021	08/18/2016	160028 FH4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 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 $3,895,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 18, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on July 18, 2016, and supplemented by a supplemental resolution adopted by said Council on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Build America Mutual Assurance Company.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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");

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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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]



Mayor

ATTEST:



City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

SPECIMEN

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

No. BR-2 $180,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	06/01/2023	08/18/2016	160028 FJ0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 office of the Paying Agent, in Charleston, West Virginia.

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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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

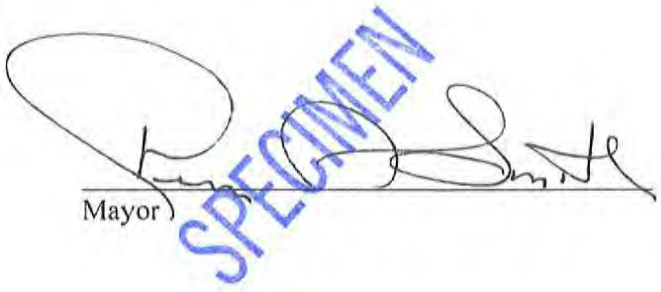
This Series 2016 B Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance and the statutes under which this Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]



Mayor

ATTEST:



City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

SPECIMEN

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

No. BR-3 $100,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.150%	06/01/2025	08/18/2016	160028 FK7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 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 $3,895,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 18, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on July 18, 2016, and supplemented by a supplemental resolution adopted by said Council on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Build America Mutual Assurance Company.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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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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");

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22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

Mayor

ATTEST:

City Clerk

SPECIMEN
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

SPECIMEN

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

No. BR-4 $115,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	06/01/2027	08/18/2016	160028 FL5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FIFTEEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 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 $3,895,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 18, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on July 18, 2016, and supplemented by a supplemental resolution adopted by said Council on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Build America Mutual Assurance Company.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]



Mayor

ATTEST:



City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

SPECIMEN

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

No. BR-5 $510,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	06/01/2031	08/18/2016	160028 FM3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 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 $3,895,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 18, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on July 18, 2016, and supplemented by a supplemental resolution adopted by said Council on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Build America Mutual Assurance Company.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

SPECIMEN

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

No. BR-6 $820,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	06/01/2036	08/18/2016	160028 FN1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 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 $3,895,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 18, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on July 18, 2016, and supplemented by a supplemental resolution adopted by said Council on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Build America Mutual Assurance Company.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

Mayor

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

SPECIMEN

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

No. BR-7 $980,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	06/01/2041	08/18/2016	160028 FP6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 office of the Paying Agent, in Charleston, West Virginia.

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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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

SPECIMEN

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

No. BR-8 $1,135,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	06/01/2046	08/18/2016	160028 FQ4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED THIRTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $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 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 $3,895,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 18, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on July 18, 2016, and supplemented by a supplemental resolution adopted by said Council on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Build America Mutual Assurance Company.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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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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");

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22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

B. Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: August 18, 2016.

UNITED BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, 17th Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 18, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews and Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance, sale, and the initial delivery on the date hereof, by the City of Charles Town, West Virginia (the "Issuer") of its $3,895,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds").

The Series 2016 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 July 18, 2016, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Ordinance.

The Series 2016 B Bonds are issued in fully registered form, are dated August 18, 2016, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1 commencing December 1, 2016, all as set forth in the Ordinance.

The Ordinance provides that the Series 2016 B Bonds are issued for the purpose of: (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and

sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs.

The Series 2016 B Bonds have been sold to Crews and Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated August 4, 2016 (the "Bond Purchase Agreement"), accepted by the Issuer.

In connection with our engagement as Bond Counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion. 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 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 and have relied upon, and have assumed, due compliance with the provisions of, the proceedings and other documents.

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 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 and political subdivision 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 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 2016 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 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 2016 B Bonds; and has issued and delivered the Series 2016 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 (where applicable), 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 2016 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: (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"); (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"); (20) 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"); (21) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated November 19, 2015, issued in the original aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and (22) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A (Tax-Exempt), dated March 17, 2016, issued in the original aggregate principal amount of $7,695,000 (the "Series 2016 A Bonds")

(collectively, the "Prior Bonds"). The Series 2016 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. We have examined the executed and authenticated Series 2016 B Bonds of said issue, and in our opinion, said Series 2016 B Bonds are in proper form and have been duly executed and authenticated.

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 2016 B Bonds is excluded from the 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; *provided, that* the interest on the Series 2016 B Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations. Ownership of tax-exempt obligations, including the Series 2016 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 2016 B Bonds. Prospective purchasers of the Series 2016 B Bonds should consult their own tax advisors as to such consequences.

The opinions set forth in this paragraph 6 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 the Treasury Regulations promulgated thereunder (collectively, the *"Code"*) that must be satisfied in order for interest on the Series 2016 B Bonds 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 2016 B Bonds set forth in the Ordinance, the Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2016 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2016 B Bonds.

7. Under the Act, the Series 2016 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 2016 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 2016 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2016 B Bonds and the enforceability of the Series 2016 B Bonds, the Ordinance, 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 2016 B Bonds.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

This opinion is intended solely for the benefit of the addressees and may not be relied upon by any other person or entity without, in each such case, our express written consent.

Very truly yours,

STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, 17th Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 18, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

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 served as bond counsel in connection with the issuance and sale by the City of Charles Town (the "City" or "Issuer") of its $3,895,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2016 B Bonds and the exclusion of interest on the Series 2016 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 August 4, 2016, 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 binding agreement of the City.

(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 2016 B Bonds.

(4) The Debt Service Reserve Agreement has been duly authorized, executed and delivered by the Issuer and constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms.

(5) 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.

(6) The statements contained in the Official Statement under the captions (i) "Tax Matters" are true and accurate in all material respects and present a fair and accurate summary and description of the matters summarized and described under such caption, and (ii) to the best of our knowledge the statements and information contained in the Official Statement under the captions or subcaptions, "Financing Plan," "The Series 2016 B Bonds," "Security for the Series 2016 B Bonds," (except for the statements referred to therein under "Appendix G- Book-Entry Only System" with respect to The Depository Trust Company), "Absence of Material Litigation," "Appendix D- Form of Bond Counsel Opinion" and "Appendix F- Form of Ordinance", except for financial or statistical data therein as to which no opinion is hereby expressed, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect and are accurate and present a fair summary of the matters referred to therein.

(7) The Series 2016 B Bonds are not subject to the registration requirements pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

144220.00037

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, 17th Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 18, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as counsel for the City of Charles Town, West Virginia (the "City") in connection with the sale of the above-referenced Bonds (the "Series 2016 B Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated August 4, 2016 (the "Purchase Agreement") between Crews & Associates, Inc. (the "Underwriter") and the City. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Series 2016 B 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 of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the City relating to the Series 2016 B Bonds enacted on July 18, 2016, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on July 18, 2016 (collectively, the "Ordinance"), the Purchase Agreement and the Official Statement dated August 4, 2016, with respect to the issuance and offering of the Series 2016 B Bonds (the "Official Statement"), and certifications of the City. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The City is a municipal corporation and political subdivision duly organized and existing under the laws and Constitution of the State of West Virginia. The City is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Ordinance and the Purchase Agreement.

2. The City has full power and authority to consummate all transactions contemplated by the Series 2016 B 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 and State Law that must be satisfied in connection with the issuance of the Series 2016 B 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 March 2, 2015 and March 21, 2016, 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 in any court against the City 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 Series 2016 B Bonds, or the collection of the Gross Revenues of the System of the City pledged or to be pledged to pay the principal of and interest on the Series 2016 B Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2016 B Bonds, the Ordinance or the Purchase Agreement, or contesting the powers of the City with respect to the Series 2016 B Bonds, the Ordinance, the Undertaking or the 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 "Financing Plan," "The System," "Absence of Material Litigation," "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 Bond Legislation 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

144220.00037

Law Offices of Hoy Shingleton, L.C.
115 Aikens Center, Suite 24
Martinsburg, WV 25404

304-262-4773 Telephone **shinglet@comcast.net**
304-262-4775 Fax

August 18, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

City of Charles Town Utility Board
Charles Town, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

I have acted as counsel to the City of Charles Town Utility Board, Charles Town, West Virginia (the "Board") in connection with the issuance and sale by the City of Charles Town (the "City") of the above-referenced Bonds (the "Series 2016 B Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated August 4, 2016 (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 2016 B 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 of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the City relating to the Series 2016 B Bonds enacted on July 18, 2016, as supplemented by a Supplemental Parameters Resolution adopted on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (collectively, the "Bond Legislation") and the Official Statement dated August 4, 2016, with respect to the issuance and offering of the Series 2016 B 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 City, is validly existing and has all power and authority to manage and operate the System. 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 2016 B Bonds and the consummation of the transactions contemplated by the Series 2016 B Bonds and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Board, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the City and/or 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 required of the City or the Board which are contemplated by the Series 2016 B 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 the Gross Revenues of the System pledged or to be pledged to pay the principal of and interest on the Series 2016 B Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2016 B Bonds, the Ordinance, the Undertaking, the Purchase Agreement or contesting the powers of the Board with respect to the Series 2016 B Bonds, the Purchase Agreement 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 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 "Financing Plan," "The System," "Absence of Material Litigation," 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, are accurate and present a fair summary of the matters referred to therein.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change

applicable law and current interpretations thereof. I assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether such actions are taken or omitted or any such events occur.

All counsel to this transaction may rely upon the foregoing opinion as if specifically addressed to them.

Very truly yours,



HOYT G. SHINGLETON, JR., ESQ.

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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

August 18, 2016

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 Revenue Bonds
$3,895,000 Series 2016 B (Tax-Exempt)

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 $3,895,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"). In connection with rendering this opinion, we have examined the Official Statement dated August 4, 2016, the Bond Purchase Agreement dated August 4, 2016 (the "Purchase Agreement"), the Continuing Disclosure Certificate of the Issuer, dated August 18, 2016 (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) 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.

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 2016 B Bonds.

Very truly yours,

Jack Kelly PLLC

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

GENERAL CERTIFICATE OF THE CITY OF CHARLES TOWN ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. RATES
5. PUBLIC SERVICE COMMISSION ORDERS/APPROVALS
6. PUBLICATION OF NOTICES
7. AWARD OF BONDS; SIGNATURES
8. DELIVERY AND PAYMENT
9. CERTIFICATION OF DOCUMENTS
10. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
11. MEETINGS, ETC.
12. INCUMBENCY AND OFFICIAL NAME
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. SPECIMEN BONDS
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN
17. OFFICIAL STATEMENT CERTIFICATION
18. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT
19. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
20. CONTINUING DISCLOSURE CERTIFICATE
21. COUNTERPARTS

We, the undersigned MAYOR and CITY CLERK of the City of Charles Town, West Virginia (the "Issuer"), hereby certify this 18th day of August, 2016, in connection with the $3,895,000 aggregate principal amount of the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance of the Issuer enacted July 18, 2016, as supplemented by a Supplemental Parameters Resolution adopted July 18, 2016 (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 2016 B Bonds, the collection or use of the revenues of the System, or the respective pledge thereof to the payment of the principal of and interest on the Series 2016 B Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2016 B Bonds, nor in any manner affecting the validity or enforceability of the Series 2016 B Bonds, the

Ordinance or the Bond Purchase Agreement, dated August 4, 2016 (the "Bond Purchase Agreement"), by and between the Issuer and Crews and 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 2016 B Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, City Manager, City Clerk and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Series 2016 B Bonds, which is not set forth in the Official Statement relating to the Series 2016 B Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals and certificates required by law for acquisition and construction of the Project, operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2016 B Bonds, have been obtained as of the date hereof and remain in full force and effect.

4. RATES: The Issuer has duly enacted a water rate ordinance on March 2, 2015 and a sewer rate ordinance on March 21, 2016 which rates are in full force and effect.

5. PUBLIC SERVICE COMMISSION ORDERS/APPROVALS: Since the Issuer satisfies the customer and gross revenue thresholds for West Virginia Code Section 24-2-11, the Issuer is not required to obtain a certificate of public convenience and necessity from the West Virginia Public Service Commission (the "PSC") prior to the construction of additions, betterments and improvements for the System. The Issuer may issue bonds and undertake construction projects without PSC oversight. The Issuer has adopted a Project Ordinance dated March 21, 2016 pursuant to 24-2-11 of the West Virginia Code of 1931, as amended.

6. 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 remains in full force and effect on the date hereof. The Ordinance was supplemented by a Supplemental Resolution adopted by the Issuer on July 18, 2016.

7. AWARD OF BONDS; SIGNATURES: The Series 2016 B Bonds were awarded to the Underwriter upon a negotiated basis at the price of $3,997,250.47 (par amount of $3,895,000 plus net original issue premium in the amount of $132,269.30 less underwriter's discount of $30,018.83). As of the date hereof, the Series 2016 B Bonds were duly signed by the manual signature of the Mayor, 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.

8. DELIVERY AND PAYMENT: On the date hereof the undersigned Mayor did deliver to the Underwriter the entire issue of the Series 2016 B Bonds, numbered BR-1 to BR-8.

At the time of delivery of the Series 2016 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 2016 B Bonds	$3,895,000.00
Plus: Net Original Issue Premium	132,269.30
Less: Underwriter's Discount	(30,018.83)
Total	$3,997,250.47

9. 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 Certificate

Tax Compliance Policies

Certificate of Determinations

Specimen Series 2016 B Bond

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 Rates

Sewer Rates

Preliminary Official Statement

Official Statement

Bond Purchase Agreement

Continuing Disclosure Certificate

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

10. 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 July 28, 2016. 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:

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");

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"),

20) 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");

21) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated November 19, 2015, issued in the original aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and

22) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A (Bank Qualified), dated March 17, 2016, issued in the original aggregate principal amount of $7,695,000 (the "Series 2016 A Bonds"), (collectively, the "Prior Bonds").

The Series 2016 B Bonds shall be issued on a parity with the Prior Bonds. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2016 B Bonds on a parity with such Prior Bonds if required by the Prior Ordinances. The Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A 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.

11. 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 2016 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.

12. 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 and the Mayor are as follows:

Name	Commencement Date	Termination Date
Michael Tolbert, Councilmember	June 2015	June 2019
Chester A Hines, Councilmember	June 2013	June 2017
Ann Paonessa, Councilmember	June 2015	June 2019
Micheal George, Councilmember	January 2016	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 City Manager and Clerk of the Issuer is David Mills. The duly appointed and acting Counsel to the Issuer is Hoy G. Shingleton, Jr., Esquire.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Council of the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *Spirit of Jefferson Advocate*, a newspaper of general circulation in the City of Charles Town, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the 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 18th day of July, 2016, 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 Bond Ordinance was on file at the office of the City Clerk of the Issuer

for review by interested parties during the office hours of the City Clerk. At such hearing all objections and suggestions were heard by the Council of the Issuer and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

14. SPECIMEN BONDS. Delivered concurrently herewith is a true and accurate specimen of the Series 2016 B Bonds.

15. NO FEDERAL GUARANTY: The Series 2016 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 2016 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 certifies in connection with Section 6(c)(vii) of the Bond Purchase Agreement as follows: (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 in the Bond Purchase Agreement 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 Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated by the Bond Purchase Agreement and by the Official Statement, (3) to my knowledge no litigation is pending, or threatened, to restrain or enjoin the collection of the Gross Revenues, the pledge of the Gross Revenues to the Bonds, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Ordinance, (4) to the best of my knowledge following appropriate inquiry, the execution, delivery, receipt and due performance of the 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 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) I am aware of no material non-compliance with the covenants in all outstanding Ordinance 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. CONTINUING DISCLOSURE CERTIFICATE: The Issuer is obligated by the Continuing Disclosure Certificate and is in full compliance with all of its prior continuing disclosure

undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5) excepting such matters as may be described in the Continuing Disclosure Section of the Official Statement

21. COUNTERPARTS: This Certificate may be executed in one or more counterparts, and all counterparts shall be deemed to be the Certificate.

[Remainder of Page Intentionally Blank]

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
	Mayor
	City Clerk

144220.00037

City of Charles Town, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B

TAX CERTIFICATE

The undersigned Mayor of the City of Charles Town, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $3,895,000 aggregate principal amount of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (the "Bonds") hereby certifies as set forth in this Tax Certificate, on August 18, 2016 (the "Tax Certificate"). The Bonds are being issued and delivered on August 18, 2016, pursuant to Article 20 of Chapter 8 of the Code of West Virginia of 1931, as amended, and an Ordinance adopted by the Issuer on July 18, 2016, as supplemented by the Supplemental Parameters Resolution, adopted by the Issuer on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (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 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 Bonds and establishes the expectations of the Issuer as to future events regarding the 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 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 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 Bonds which would cause the 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 Bonds), so that the interest on the 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 Bonds were sold on August 18, 2016 to the Underwriter for a purchase price of $3,997,250.47 (par amount of $3,895,000, plus net original issue premium of $132,269.30 and less underwriter's discount of $30,018.83). No other obligations are (i) being sold at substantially the same time (within 15 days) as the 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 Bonds, determined without regard to guarantees from unrelated parties.

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

(a) to provide funds to finance improvements to the potable water treatment, storage and distribution portion of the Issuer's combined potable waterworks and sanitary sewerage system (the "Project");

(b) to pay the premium for a municipal bond debt service reserve insurance policy for the Bonds (the "Reserve Policy"), issued by Build America Mutual Assurance Company ("BAM Assurance");

(c) to pay the premium for a municipal bond insurance policy for the Bonds (the "Insurance Policy") from BAM Assurance;

(d) to pay capitalized interest on the Series 2016 B Bonds to and including June 1, 2017; and

(e) to pay certain costs of issuance of the Bonds and related costs.

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

SOURCES

Par Amount of the Bonds	$3,895,000.00
Net Original Issue Premium	132,269.30
Total	$4,027,269.30

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

USES

Project Construction Fund	$3,735,730.63
Reserve Policy Premium	8,352.50
Insurance Policy Premium	32,328.17
Capitalized Interest	100,484.65
Underwriter's Discount	30,018.83
Costs of Issuance for Bonds/Rounding	120,354.52
Total	$4,027,269.30

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 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 Bonds.

11. The yield on the 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 Bonds produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the Sale Date, which was August 4, 2016. In order for the guarantee of the 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 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 as 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 Bonds to BAM Assurance. BAM Assurance is not a co obligor with the Issuer on the 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 Bonds.

(c) Fees for the Insurance Policy and the Reserve Policy in the amounts of $32,328.17 and $8,352.50, respectively, do not exceed a reasonable, arm's length charge for the transfer of credit risk, as certified by the Underwriter.

12. As determined by the Underwriter, the Yield on the Bonds, which are fixed yield bonds as described in Regulations §1.148-4(b), was determined by treating those Bonds maturing on June 1, 2027, June 1, 2031 and June 1, 2036 (the "Yield-to-Call Bonds"), as being redeemed on June 1, 2026, the earliest date on which the Yield-to-Call Bonds can be redeemed producing the lowest yield on the Bonds.

Based on the above, the yield on the Bonds, as so computed and certified by the Underwriter, has been determined to be 3.0209047% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Bonds.

13. For purposes of determining whether the Bonds are private activity bonds, the Issuer makes the following representations.

(i) Not more than ten percent (10%) of the proceeds of the 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 Bonds will, during the 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 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 Measurement Period be used in such a manner that more than ten percent (10%) of the proceeds of the 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 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 BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Bonds are detailed on EXHIBIT E attached hereto.

2. A Sinking Fund for the Bonds is created under the Bond Legislation. Monies deposited in the 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 Bonds. The Bonds Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. All monies held in the Series 2016 Bonds Sinking Fund will be used to pay debt service on the Bonds. The Series 2016 Bonds Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2016 Bonds Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

3. A Series 2016 Bonds Reserve Account is created under the Bond Legislation for the Bonds in an aggregate amount equal to the least of (i) 10% of the original principal amount of the Bonds ($389,500.00), (ii) Maximum Annual Debt Service on the Bonds ($257,000.00), or (iii) 125% of average annual Debt Service on the Bonds ($269,401.44) (the "Series 2016 Reserve Account Requirement"). The Series 2016 B Reserve Account has been financed with the Series 2016 B Reserve Account Policy for an amount equal to the maximum annual debt service requirement on the Bonds ($257,000.00), the premium for which in the amount of $8,352.50 was paid with proceeds of the Bonds.

4. 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 Bonds, and depletion in full of the Reserve Account or a call on the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

5. A Redemption Account for the 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 Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

6. A Costs of Issuance Fund is created under the Bond Legislation to be funded from proceeds of the Bonds in the amount of $120,354.52. The Costs of Issuance include only those amounts directly related to the costs of issuance, sale and delivery of the 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.

7. An amount of $100,484.65 will be deposited in the Capitalized Interest Fund created under the Bond Legislation and used to pay interest on the Bonds to and including June 1, 2017.

8. An amount of $3,735,730.63 will be deposited in the Project Fund created under the Bond Legislation and used to pay a portion of the costs of the Project.

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 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 Bonds.

10. There is no pre-issuance accrued interest on the Bonds.

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

12. The Issuer certifies, warrants and covenants that the 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 Bonds.

D. REBATE

1. 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 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

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 Bonds as required by the Code and Regulations. If any of the 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 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 Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Bonds, any unrealized gains or losses as of the date of retirement of the 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 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 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 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the 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 Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding 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 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 2016 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 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 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 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 55-6008864. 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 Bonds in order to ensure compliance with the relevant tax rules and regulations required so that the interest on the 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 Bonds into compliance with the Tax-Exempt Rules.

3. None of the proceeds of the 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 Bonds will not exceed the amount necessary for the governmental purposes thereof. As of the date hereof, the weighted average maturity of the Bonds (19.991 years) does not exceed 120% of the average reasonably expected economic life of the improvements refinanced with the proceeds of the Bonds.

5. The Issuer shall not permit at any time or times any of the proceeds of the 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 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code.

6. The 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 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 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 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 Bonds.

9. In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating, or minimum balances to be maintained by the Issuer or related governmental agencies with, any registered owner of the Bonds.

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

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 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 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 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 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 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the 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. 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 Bonds.

15. 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.

16. 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 Bonds, including its opinions regarding the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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WITNESS my signature the day and year first written above.

CITY OF CHARLES TOWN, WEST VIRGINIA

By: _____

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. 33]

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 ($1/12^{th}$) of the principal and interest payments on the 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 Bonds and the exclusion of interest on the Bonds from gross income for the purposes of federal income taxation.

"**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 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.

"Measurement Period" means the period beginning on August 18, 2016 (the date of issuance of the Bonds) and ending on June 1, 2046 (the maturity date of the 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 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 Bonds at a discount below the price at which a substantial number of Bonds are sold to the public);

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

(c) financial advisor fees, if any, incurred in connection with the issuance of the Bonds;

(d) trustee fees and registrar fees;

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

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

(g) printing costs (for the 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 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 August 18, 2016.

"**Issue Price**" means $4,027,269.30 being the Issue Price of the Bonds. (*See* Section B.8. hereof.)

The Issue Price is the initial offering price to the public at which price a substantial amount of the 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 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 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 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 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 costs of certain improvements to the potable water treatment, storage and distribution portion of the Issuer's combined potable waterworks and sanitary sewerage system waterworks system.

"Qualified Hedge" means a qualified hedge as defined in Treasury Regulation Section 1.148-4(h)(2).

"**Rebate Amount**" means, in respect of the 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 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 2016 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 & Associates, Inc., Charleston, West Virginia.

"**Valuation Date**" means the date on which the value of the Nonpurpose Investments allocable to the 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 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

DEBT SERVICE SCHEDULE

TAX COMPLIANCE POLICY

CITY OF CHARLES TOWN (WEST VIRGINIA)

TAX COMPLIANCE POLICIES

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 Revenue Bonds, Series 2016 B (Tax-Exempt) (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.

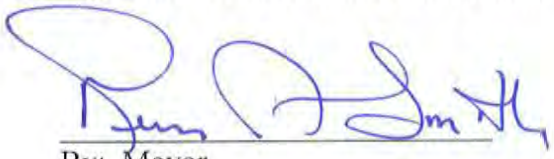
- Retainable records pertaining to investments include GIC documents under the Income Tax Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

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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

CITY OF CHARLES TOWN, WEST VIRGINIA

Combined Waterworks and Sewerage System Revenue Bonds
Series 2016 B (Tax-Exempt)

REGISTRAR'S CERTIFICATE

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Series 2016 B Bonds"), hereby certifies this 18th day of August, 2016 follows, all capitalized terms used herein to have the same meanings set forth in the Bond Ordinance of the City of Charles Town (the "Issuer") enacted on July 18, 2016, as supplemented by Supplemental Parameters Resolution adopted by the Issuer on July 18, 2016 (collectively, the "Bond Legislation"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the United States of America, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Bond Legislation and to serve in the capacity of Registrar under the Bond Legislation.

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 Bond Legislation, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Series 2016 B Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Series 2016 B Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Bond Ordinance; the Series 2016 B Bonds have been duly authenticated and registered to CEDE & CO. and delivered to The Depository Trust Company, New York, New York ("DTC"), and proceeds of the Series 2016 B Bonds have been deposited as required by the Bond Legislation.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Series 2016 B Bonds.

7. All conditions precedent contained in the Ordinance for the issuance of the Series 2016 B Bonds have been met and the Series 2016 B Bonds are entitled to the benefit and security of the Ordinance.

[Remainder of Page Intentionally Blank]

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

UNITED BANK, INC.

By: Michelle K. Wittekind
Its: Authorized Officer

144220.00037

EXHIBIT A

SERIES 2016 B BOND TERMS

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2016 B (TAX-EXEMPT)

Mandatory Sinking Fund Redemption and Maturity

TERM BONDS

$55,000	1.500% Term Bonds Due June 1, 2021 at	100.000%	CUSIP: 160028 FH4
$180,000	2.000% Term Bonds Due June 1, 2023 at	100.000%	CUSIP: 160028 FJ0
$100,000	2.150% Term Bonds Due June 1, 2025 at	100.000%	CUSIP: 160028 FK7
$115,000	4.000% Term Bonds Due June 1, 2027* at	115.291%	CUSIP: 160028 FL5
$510,000	4.000% Term Bonds Due June 1, 2031* at	112.577%	CUSIP: 160028 FM3
$820,000	4.000% Term Bonds Due June 1, 2036* at	110.296%	CUSIP: 160028 FN1
$980,000	3.000% Term Bonds Due June 1, 2041 at	98.788%	CUSIP: 160028 FP6
$1,135,000	3.000% Term Bonds Due June 1, 2046 at	98.061%	CUSIP: 160028 FQ4

*Priced to optional par call date of June 1, 2026.

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds
Series 2016 B (Tax-Exempt)

CERTIFICATE OF UNDERWRITER

The undersigned Gregory B. Isaacs, Senior Managing Director of CREWS & ASSOCIATES, INC. (the "Underwriter"), which is purchasing the entirety of the above-captioned bonds in the aggregate principal amount of $3,895,000, dated August 18, 2016 (the "Series 2016 B Bonds") of the City of Charles Town (the "Issuer"), hereby certifies this 18th day of August, 2016, that:

1. The Underwriter and the Issuer on August 4, 2016 (the "Sale Date") executed a Bond Purchase Agreement for the Series 2016 B 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 Series 2016 B 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 Series 2016 B Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) were reasonably expected to be sold as of the Sale Date is as follows for each of the maturities listed below:

Maturity Date (June 1)	Principal Amount	Initial Offering Price	Dollar Price
2021	55,000.00	100.000%	55,000.00
2023	180,000.00	100.000%	180,000.00
2025	100,000.00	100.000%	100,000.00
2027	115,000.00	115.291%*	132,584.65
2031	510,000.00	112.577%*	574,142.70
2036	820,000.00	110.296%*	904,427.20
2041	980,000.00	98.788%	968,122.40
2046	1,135,000.00	98.061%	1,112,992.35

*Priced to optional par call date of June 1, 2026.

3. All of the Series 2016 B 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 Series 2016 B 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 $32,328.17 pursuant to the Bond Legislation for the Series 2016 B Bonds is reasonable and beneficial for the marketability of the Series 2016 B Bonds.

5. The Surety Bond purchased in the amount of $8,352.50 pursuant to the Bond Legislation for the debt service reserve for the Series 2016 B Bonds is reasonable and beneficial for the marketability of the Series 2016 B Bonds.

6. The weighted average maturity of the Series 2016 B Bonds, based on the issue price of the Series 2016 B Bonds from their date of issue (and not on the basis of the principal amount of the Series 2016 B Bonds from their dated date) is 19.991 years.

7. The yield on the Series 2016 B Bonds, calculated in accordance with Treasury Regulations Section 1.148-4 is 3.0209047%.

8. The Bond Yield included the following: (i) Bond Insurance Premium; (ii) Surety Bond Fee; and (iii) Series 2016 B Bonds maturing in the years 2027, 2031 and 2036 were assumed to be called on June 1, 2026 par call date.

9. The Underwriter has not and will not receive any compensation from the proceeds of the sale of the Series 2016 B Bonds, including investment earnings thereon, in excess of its underwriter's discount in the amount of $30,018.83.

10. The issue price of the Series 2016 B Bonds, calculated in accordance with Treasury Regulations Section 1.148-1(b) is $4,027,269.30.

Par Amount of Series 2016 B Bonds	$3,895,000.00
Plus: Net Original Issue Premium	132,269.30
Issue Price	$4,027,269.30

11. The maximum amount of principal and interest payable on the Series 2016 B Bonds in any Fiscal Year is $257,000, and such amount is less than 10% of the principal amount of the Series 2016 B Bonds and 125% of the average annual debt service on the Bonds payable in any year during the term of the Bonds.

12. The Series 2016 B Bonds are issued as fixed-rate bonds.

13. 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 Series 2016 B Bonds.

14. This certificate may be relied upon by the Issuer with respect to the Tax Certificate relating to the Series 2016 B Bonds and by Steptoe & Johnson PLLC in rendering its opinions with respect to the Series 2016 B Bonds.

15. The undersigned is only certifying as to facts in existence on the date hereof.

Dated the day and year first written above.

CREWS & ASSOCIATES, INC.

By: _____
Gregory B. Isaacs
Its: Senior Managing Director

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center • 64 Warm Springs Avenue • Martinsburg, WV 25404

August 18, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax Exempt)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Water Rate Ordinance enacted on March 2, 2015 and Sewer Rate Ordinance enacted on March 21, 2016 by the City of Charles Town (the "Issuer") 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 Revenue Bonds, Series 2016 B (Tax Exempt), dated August 18, 2016, issued in the aggregate principal amount of $3,895,000 (the "Series 2016 B Bonds") and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B 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 $4,058,900 (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");

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");

20. 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");

21. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated November 19, 2015, issued in the original aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and

22. Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A (Tax-Exempt), dated March 17, 2016, issued in the original aggregate principal amount of $7,695,000 (the "Series 2016 A 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 2016 B 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 the Series 2016 B 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 2016 B Bonds and the Prior Bonds.

In addition the respective Reserve Accounts for the Prior Bonds are funded in accordance with the Prior Ordinances.

Sincerely,

Decker & Company PLLC

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

PRELIMINARY OFFICIAL STATEMENT DATED JULY 28, 2016

NEW ISSUE – BOOK ENTRY ONLY

RATING: Standard & Poor's: Insured "AA"

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing law and assuming continuing compliance with various requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2016 B Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to the Code and 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. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2016 B Bonds and the interest thereon are exempt from taxation by the State of West Virginia. The above opinions are subject to certain limitations and exceptions. See "TAX MATTERS" herein.

$3,895,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016 B (TAX-EXEMPT)

Dated: Date of Delivery

Due: As shown on inside cover.

The City of Charles Town's (the "City") Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B 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 2016 B 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 2016 B Bonds will be in book-entry form only. Semiannual interest on the Series 2016 B Bonds is payable each June 1 and December 1 beginning December 1, 2016. So long as the Series 2016 B Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2016 B Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Ordinance (defined herein), and any Supplemental Resolution (defined herein), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2016 B Bonds. See "THE SERIES 2016 B BONDS" herein and "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

The proceeds of the Series 2016 B Bonds shall be used to: (i) finance the costs of the acquisition and construction of certain additions, betterments and improvements, more specifically described herein (collectively, the "Project"), to the existing combined potable waterworks and sanitary sewerage system of the City; (ii) capitalize interest on the Series 2016 B Bonds to and including June 1, 2017; (iii) fund the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) pay costs of issuance of the Series 2016 B Bonds and related costs.

The scheduled payment of principal of and interest on the Series 2016 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2016 B Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. For a description of the Policy 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 2016 B Bonds are payable from and secured by the Gross Revenues (as defined herein) derived from the combined potable waterworks and sanitary sewerage system of the City and any extensions, improvements and betterments thereto, specifically including with respect to the Series 2016 B Bonds Reserve Account, but not limited to, the Project (collectively, the "System"), on parity with the outstanding Prior Bonds (defined herein) and from funds on deposit in, or the Series 2016 B Reserve Policy pledged to, the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account therein, all as more fully described herein. The Series 2016 B 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 2016 B Bonds, except from the Gross Revenues of the System and such funds on deposit. No Owner or Owners of the Series 2016 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2016 B Bonds or the interest thereon.

The Series 2016 B Bonds are subject to optional 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 2016 B 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 Charles Town Utility Board (the "Board"), will pass on certain matters for the Board. Steptoe & Johnson PLLC, Charleston, West Virginia, special counsel to the City, will pass on certain matters for the City. Compass Municipal Advisors, LLC, Lexington, Kentucky, is serving as independent municipal advisor to 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 2016 B Bonds will be available for delivery through the facilities of DTC on or about _____, 2016.

Dated: _____, 2016

Crews&Associates

$3,895,000

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016 B (TAX-EXEMPT)

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

SERIAL BONDS

TERM BONDS

$180,000* _____% Term Bonds Due June 1, 2019* at _____% CUSIP: 160028 ___**
$180,000* _____% Term Bonds Due June 1, 2021* at _____% CUSIP: 160028 ___**
$190,000* _____% Term Bonds Due June 1, 2023* at _____% CUSIP: 160028 ___**
$195,000* _____% Term Bonds Due June 1, 2025* at _____% CUSIP: 160028 ___**
$205,000* _____% Term Bonds Due June 1, 2027* at _____% CUSIP: 160028 ___**
$470,000* _____% Term Bonds Due June 1, 2031* at _____% CUSIP: 160028 ___**
$695,000* _____% Term Bonds Due June 1, 2036* at _____% CUSIP: 160028 ___**
$825,000* _____% Term Bonds Due June 1, 2041* at _____% CUSIP: 160028 ___**
$955,000* _____% Term Bonds Due June 1, 2046* at _____% CUSIP: 160028 ___**

* 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 2016 B Bonds only at the time of issuance of the Series 2016 B 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 2016 B Bonds.

CITY OF CHARLES TOWN, WEST VIRGINIA

Peggy A. Smith, Mayor

CITY COUNCIL

Jonathan Wertman
Chester A. Hines
Nick Zaglifa
Michael Tolbert
Bob Trainer
Ann Paonessa
Sandra Slusher McDonald
Michael George

CITY MANAGER
Dave Mills

CITY CLERK
Dave Mills

CHARLES TOWN UTILITY BOARD

David Mills, Chairman
Charles W. Kline
Pete Kubic, Civil Engineer
Kristen Stolipher
Thomas W. Stocks

UTILITY MANAGER

Jane E. Arnett, CPA

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

PAYING AGENT

West Virginia Municipal Bond Commission
Charleston, West Virginia

UNDERWRITER

Crews & Associates, Inc.
Charleston, West Virginia

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC
Lexington, Kentucky

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 2016 B 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 2016 B 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, and the Series 2016 B Reserve Policy pledged to, the Sinking Fund for the Series 2016 B Bonds and the Reserve Account for the Series 2016 B Bonds therein, and the unexpended proceeds of the Series 2016 B Bonds. No Holder or Holders of the Series 2016 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2016 B Bonds or the interest thereon.

Bond Insurance Policy

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2016 B Bonds or the advisability of investing in the Series 2016 B 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, "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 2016 B 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 2016 B 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

$3,895,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX-EXEMPT)

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" or the "Issuer"), the City's combined potable waterworks and sanitary sewerage system, as presently existing and as hereafter extended, improved and constructed, specifically including, but not limited to, the Project, and as more fully described in "APPENDIX B – THE SYSTEM" (collectively, the "System"), and the City's $3,895,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"). The Series 2016 B Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia of 1931, as amended (the "Act"), and an Ordinance enacted by the City Council of the City on July 18, 2016 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 18, 2016 (the "Supplemental Parameters Resolution"), and a Certificate of Determinations executed by the Mayor on August __, 2016 (the "Certificate of Determinations," and, collectively with the Original Ordinance and the Supplemental Parameters Resolution, the "Ordinance"). See "APPENDIX F – FORM OF ORDINANCE" attached hereto.

The City plans to acquire, construct and operate extensions, additions, betterments and improvements for the System, consisting of (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System").

The proceeds of the Series 2016 B Bonds shall be used to: (i) finance the costs of the Project; (ii) capitalize interest on the Series 2016 B Bonds to and including June 1, 2017; (iii) fund the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) pay costs of issuance of the Series 2016 B Bonds and related costs.

The City will have outstanding the following bonds which will rank on a parity with the Series 2016 B 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");

(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");

(20) 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");

(21) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated November 19, 2015, issued in the original aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and

(22) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A (Tax-Exempt), dated March 17, 2016, issued in the original aggregate principal amount of $7,695,000 (the "Series 2016 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds, as supplemented, are herein collectively referred to as the "Prior Ordinances." As of June 30, 2016, the Prior Bonds were outstanding in the aggregate principal amount of $39,011,332.

The Series 2016 B 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, and with respect to the Series 2016 B Bonds Reserve Account, the Series 2016 B Reserve Policy pledged thereto, the Sinking Fund for the Series 2016 B Bonds and the Reserve Account 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 2016 B Bonds and the Prior Bonds which shall remain in place until payment in full of the principal of and interest on the Series 2016 B Bonds and the Prior Bonds. The Series 2016 B 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 2016 B Bonds or premium, if any, or the interest thereon except as provided above. See "SECURITY FOR THE SERIES 2016 B BONDS" herein. Additionally, the payment of the principal of and interest on the Series 2016 B Bonds when due is guaranteed under the Series 2016 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, 2016, the loan balances were $455,100 and $121,615 for the water and sewer departments, respectively.

The City has a privately placed bank loan with Branch Banking & Trust Company payable from revenues of the System which is not secured by Gross Revenues of the System but is evidenced by a promissory note and secured by a deed of trust. The note was issued in the original principal amount of $71,000, was outstanding as of June 30, 2016 in the aggregate principal amount of $20,190, 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 Ordinance, the City has covenanted and agreed to fix and establish, in the 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 2016 B Bonds, and all obligations issued on a parity with the Series 2016 B Bonds, including the Prior Bonds and any hereinafter issued additional Parity Bonds. See "SECURITY FOR THE SERIES 2016 B BONDS – Rate Covenant" herein and "APPENDIX F – FORM OF ORDINANCE" attached hereto.

The audited financial statements of the Charles Town Utility Board as of and for the twelve-month period ended June 30, 2015 included a note that the debt service coverage ratio requirement for the System was met. Contemporaneously with the closing of the issuance of the Series 2016 B Bonds, an Independent Accountant will certify that the City met the debt service coverage ratio requirement for the System for the fiscal year ending June 30, 2016. See "SECURITY FOR THE SERIES 2016 B BONDS – Rate Covenant" herein.

The Series 2016 B 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 2016 B BONDS" herein. The Series 2016 B Bonds initially will be maintained under a book-entry system. So long as the Series 2016 B 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 2016 B 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 2016 B 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 2016 B BONDS – General" herein and "APPENDIX F – FORM OF ORDINANCE attached hereto.

For a description of the exclusion of interest on the Series 2016 B Bonds from gross income for federal income tax purposes and the exclusion of interest on the Series 2016 B 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 2016 B Bonds for the purposes 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 2016 B Bonds issued pursuant to the Ordinance, or refunding the Prior Bonds or any hereinafter issued additional Parity Bonds, paying claims which may exist against the revenues or facilities of the System, or all such purposes, subject in each case to certain tests and conditions provided for by the Ordinance. See "SECURITY FOR THE SERIES 2016 B BONDS – Additional Parity Bonds" herein and "APPENDIX F – FORM OF ORDINANCE" attached hereto.

Brief descriptions of the Series 2016 B Bonds, the System, the Project, the City and certain provisions of the Ordinance and the Act are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2016 B Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the City or, during the period of offering the Series 2016 B Bonds, from the Underwriter.

FINANCING PLAN

The Project

The Series 2016 B Bonds are being issued to provide moneys for the City to acquire, construct and equip extensions, additions, betterments and improvements for the System, consisting of (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel

Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances (collectively, the "Project"). The Issuer opened bids for the Project on July 13, 2016; expects to award contracts on or about the Closing Date; and expects the Project to be completed by June 1, 2017.

The proceeds of the Series 2016 B Bonds shall be used, together with other available funds, to: (i) finance the costs of the Project; (ii) capitalize interest on the Series 2016 B Bonds to and including June 1, 2017; (iii) fund the Series 2016 B Bonds Reserve Account with the purchase of the Series 2016 B Reserve Policy from the Bond Insurer; (iv) pay the premium for the Series 2016 B Insurance Policy through the Bond Insurer; and (v) pay the costs of issuance of the Series 2016 B Bonds and related costs.

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2016 B Bonds	$
Net Original Issue [Premium/Discount]	
Total Sources	$
Uses of Funds:	
Deposit to Series 2016 B Bonds Construction Fund	$
Capitalized Interest	
Costs of Issuance (1)	
Total Uses	$

(1) Includes legal and financing fees, bond counsel fees, underwriter's discount, underwriter's counsel fees, registrar's fee, rounding amount, rating agency fee, municipal advisor fee, insurance and surety premiums; and other miscellaneous expenses relating to the issuance of the Series 2016 B Bonds.

THE SERIES 2016 B BONDS

General

The Series 2016 B 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 2016 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 2016 B Bonds shall be in default, Series 2016 B Bonds issued in exchange for a Series 2016 B Bond surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 B Bond surrendered. The Series 2016 B Bonds will bear interest from their date of delivery, payable semiannually on each June 1 and December 1, commencing December 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 2016 B 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 2016 B 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 2016 B 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 2016 B Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive

physical possession of the Series 2016 B Bonds and payments of principal of, redemption price if any, and interest on the Series 2016 B 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 2016 B 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 2016 B Bonds will be payable to the owner thereof upon surrender thereof at the office of the Paying Agent.

Optional Redemption*

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

Mandatory Sinking Fund Redemption*

The Series 2016 B Bonds maturing June 1, 2019, June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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:

*Preliminary, subject to change.

Bonds Maturing 2019

Year (June 1)	Principal Amount
20__	$
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2021

Year (June 1)	Principal Amount
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
20__	$
20__	$
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
20__	$
20__	$
20__	$
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
20__	$
20__	$
20__	$
20__	$
20__**	$

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
20__	$
20__	$
20__	$
20__	$
20__**	$

**Final maturity.

Notice of Redemption

At any other time, notice to the Registered Owner 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 2016 B 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 2016 B Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinance described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2016 B 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 2016 B BONDS

The Series 2016 B 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 2016 B Bonds except from said sources.

Bond Insurance

The payment of the principal of and interest on the Series 2016 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2016 B Bonds by Build America Mutual Assurance Company. Information with respect to the Bond Insurer and the Series 2016 B Insurance Policy is set forth in "APPENDIX I – BOND INSURANCE" and "APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Sources of Payment

The payment of the debt service on the Series 2016 B 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 and any additional Parity Bonds hereinafter issued. 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 2016 B Bonds is also secured by the funds on deposit in, and/or the Series 2016 B Reserve policy (as hereinafter defined) pledged to, the Sinking Fund for the Series 2016 B Bonds, including the Reserve Account therein. See "APPENDIX H – ANNUAL DEBT SERVICE" 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 and the Series 2016 B Bonds, (2) to make the payments into the Reserve Accounts for the Prior Bonds and the Series 2016 B Bonds, and (3) to make all other payments provided for in the Ordinance, are irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2016 B Bonds as the same become due and for the other purposes provided in the Ordinance. See "APPENDIX F – FORM OF ORDINANCE" attached hereto.

Rate Covenant

The City has covenanted and agreed in the Ordinance to fix and establish, in a manner and form required by law, rates and charges for the use of the System, sufficient (together with other revenues of the System) (i) to provide for all Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the Maximum Annual Debt Service on the Series 2016 B Bonds, and all obligations issued on a parity with the Series 2016 B Bonds, including the Prior Bonds and any additional Parity Bonds hereinafter issued. The City is required to commence enactment of such ordinances as may be required to increase such rates and charges within ninety (90) days following a determination by, or an annual audit report of, an Independent Certified Public Accountant showing that less than the above-required coverage exists. See "APPENDIX F – FORM OF ORDINANCE" attached hereto.

The following chart provides the historical debt service coverage ratio of the System for the fiscal years ended June 30, 2011 through 2015.

CITY OF CHARLES TOWN COMBINED WATERWORKS & SEWERAGE SYSTEM
Five Year Historic Coverage Ratio

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Operating Income	$ 1,001,293	$ 700,603	$ 794,626	$ 839,779	$ 822,576
ADD:					
Depreciation and Amortization	$ 1,089,413	$ 1,133,382	$ 1,112,002	$ 1,401,645	$ 1,643,484
Interest Income	2,024	6,931	6,916	4,009	5,477
Developer DS Reimbursements	-	-	-	43,000	42,945
Miscellaneous	220,264	376,055	432,462	432,567	446,420
Cash Available for Debt Service	$ 2,312,994	$ 2,216,971	$ 2,346,006	$ 2,721,000	$ 2,960,902
Debt Service Payments	$ 1,925,829	$ 1,913,021	$ 2,005,731	$ 2,359,880	$ 2,319,358
Debt Service Coverage	120%	116%	117%	115%	128%

Source: Charles Town Audits

Series 2016 B Bonds Reserve Account

The City is entering into a Debt Service Reserve Agreement with BAM for the Series 2016 B Bonds (the "Series 2016 B Reserve Policy" or the "Reserve Policy").

Information with respect to the Bond Insurer and the Series 2016 B Reserve Policy is set forth in "APPENDIX I – Bond Insurance" and "APPENDIX K – Specimen Municipal Bond Debt Service Reserve Insurance Policy." Under the Reserve Policy, the City is required to repay any draws upon the Reserve Policy and any administrative expenses incurred by BAM, together with interest on 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 2016 B Bonds (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 Policy will be reduced by and to the extent of any payment made under the Reserve Policy. 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 Policy will be increased by a like amount, subject to the terms of the Reserve Policy. All cash and investments in the Series 2016 B Bonds Reserve Account shall be transferred to the Series 2016 B Bonds Sinking Fund for payment of the debt service on the Series 2016 B Bonds before any draw may be made on the Series 2016 B Reserve Policy. The amount available under the Reserve Policy will be reduced by and to the extent of any payment made under the Reserve Policy. 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 Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The City does not expect there to be cash or investments in the Series 2016 B Bonds Reserve Account.

If the Reserve Policy is not in effect, in the event of a transfer from the Series 2016 B Bonds Reserve Account to the Series 2016 B Bonds Sinking Fund as aforesaid, the City shall restore the balance to the Series 2016 B Bonds Reserve Account in an amount up to the Series 2016 B Bonds Reserve Requirement. The transfer of any cash by the City from the Series 2016 B Bonds Reserve Account to the Series 2016 B 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 2016 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 2016 B Bonds Reserve Requirement is $_____, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2016 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2016 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2016 B Bonds. The Series 2016 B Bonds Reserve Account is being funded by the Series 2016 B Reserve Policy in the amount equal to the Series 2016 B Bonds Reserve Requirement. In the event funds in the Series 2016 B Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2016 B Bonds, the Bond Commission shall submit a Notice of Nonpayment to BAM, which will, pursuant to the Series 2016 B Reserve Policy, pay the Bond Commission sufficient amounts to make payments of principal of and/or interest on the Series 2016 B Bonds as the same becomes due, subject to the Series 2016 B Reserve Policy limits. If the Series 2016 B Reserve Policy is not in effect, the Bond Commission shall withdraw cash from the Series 2016 B Bonds Reserve Account for transfer to the Series 2016 B Bonds Sinking Fund.

Renewal and Replacement Fund

The City is required after the payments into the Series 2016 B Bonds Sinking Fund and Reserve Account 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 2016 B Bonds Reserve Account in the Series 2016 B Bonds Sinking Fund and the reserve accounts in the sinking funds of the Prior Bonds and any additional Parity Bonds hereinafter issued.

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 2016 B 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 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter issued, second to pay principal on the Series 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter issued, third to fund the Reserve Accounts for the Series 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter issued, 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 2016 B Bonds and any additional 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 – FORM OF ORDINANCE" attached hereto.

Enforcement of Collections

The City covenants in the Ordinance to diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals and other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia or other laws of the State. The City further covenants and agrees in the Ordinance that it will, subject to the laws of the State and regulations of the Public Service Commission of West Virginia, discontinue services to all delinquent users of services and facilities of the System, until such delinquent amounts, including penalties and reconnect fees, have been fully paid. See "APPENDIX B – THE SYSTEM" and "APPENDIX F – FORM OF ORDINANCE" 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 Ordinance, payable out of the revenues of the System shall be issued after the issuance of the Series 2016 B Bonds pursuant to the Ordinance, except under the conditions and in the manner therein provided.

No such additional Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of the Series 2016 B Bonds issued pursuant to the Ordinance, refunding the Prior Bonds or any additional Parity Bonds hereinafter issued, 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 a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to certain adjustments provided for in the Ordinance, 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 additional 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 2016 B Bonds then Outstanding;

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

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

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 and 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 Parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of the Independent Certified Public Accountants.

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 Certified Public 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 2016 B Bonds, and all the covenants and other provisions of the Ordinance shall be for the equal benefit, protection and security of the Holders of the Series 2016 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. Bonds issued on a parity, 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 of a series over any other. The City shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the Series 2016 B Bonds on such Gross Revenues. The City shall not issue any obligations whatsoever payable from the Gross 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 Gross Revenues, with the Series 2016 B Bonds, except in the manner and under the conditions provided in the Ordinance.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance and Prior Ordinance, on account of the Bonds then Outstanding, if any, and any other payments provided for in the Ordinance shall have been made in full as required to the date of delivery of such Parity Bonds. See "APPENDIX F – FORM OF ORDINANCE" 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 2016 B Bonds, of the Series 2016 B Insurance Policy and the Series 2016 B Reserve Policy. Information regarding the Bond Insurer, the Series 2016 B Insurance Policy and the Series 2016 B Reserve Policy, specifically including "APPENDIX I – Bond Insurance," "APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" has been furnished 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 Series 2016 B Insurance Policy and the Series 2016 B Reserve Policy, which should be read in their entirety.

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Series 2016 B 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, the Series 2016 B Bonds and any additional Parity Bonds hereinafter issued. 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, after payment of Operating Expenses, of

the maximum annual debt service of the Series 2016 B Bonds and all bonds issued on a parity with the Series 2016 B Bonds and the Prior Bonds.

Gross Revenues sufficient to pay the debt service on the Series 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter issued 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 2016 B 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 2016 B 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, under certain circumstances, to require citizens to hook up to the sanitary 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 and the District of Columbia. 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 the resulting rate/revenue impact in the System. See "APPENDIX B – THE SYSTEM."

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2016 B Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Series 2016 B 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 2016 B Bonds. Prospective purchasers of the Series 2016 B 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 2016 B 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 certain regulation by the PSC including, 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] in 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

General

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 2016 B 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; (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 2016 B 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 2016 B 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 2016 B 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 Issuer complies on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied for interest on the Series 2016 B Bonds to be or continue to be excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2016 B 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 2016 B 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 2016 B 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 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 2016 B Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2016 B Bonds might be affected as a result of such an audit of the Series 2016 B 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 2016 B Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2016 B Bonds or their market value.

Special Considerations with Respect to the Series 2016 B Bonds

The accrual or receipt of interest on the Series 2016 B Bonds may otherwise affect the federal income tax liability of the owners of the Series 2016 B 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. Prospective purchasers should be aware of certain collateral consequences which may result under federal tax law for certain holders of the Series 2016 B Bonds: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2016 B Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2016 B Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for losses incurred by 15 percent of the sum of certain items, including interest on the Series 2016 B Bonds, (iii) interest on the Series 2016 B Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the Series 2016 B Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S Corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S Corporation is passive investment income, (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income receipts or accruals of interest on the Series 2016 B Bonds, and (vi) receipt of investment income, including interest on the Series 2016 B Bonds, may, pursuant to Section 32(i) of the Code, disqualify the recipient from obtaining the earned income credit provided by Section 32(a) of the Code.

Backup Withholding

Interest paid on tax-exempt obligations such as the Series 2016 B Bonds is generally required to be reported by payors to the IRS and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the Bondholder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the Bondholder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Series 2016 B Bonds from gross income for federal tax purposes.

Changes in Federal and State Tax Law

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series 2016 B Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Series 2016 B Bonds or the tax consequences of ownership of the Series 2016 B Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Series 2016 B Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including the limitation of federal tax expenditures, are expected to be under ongoing consideration by the United States Congress. These efforts to date have included proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation. Future proposed changes could affect the market value or marketability of the Series 2016 B Bonds, and, if enacted, could also affect the tax treatment of all or a portion of the interest on the Series 2016 B Bonds for some or all holders. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

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 2016 B 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 2016 B Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2016 B 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 2016 B 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 2016 B Bonds maturing on _____ 1, 20__, and _____ 1, 20__ (the "Discount Bonds"), were sold with OID. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded annually (or over a shorter permitted compounding interval selected by the owner). The portion of the OID that accrues during the period of ownership of a Discount Bond (i) will be interest excludable from the owners's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2016 B Bonds, and (ii) will be added to the owner's tax basis for purposes of determining a gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside front cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Owners of Discount Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID properly accruable in any period with respect to the Discount Bonds as to other federal tax consequences, and the treatment of the OID for purposes of state and local taxes on, or based on, income.

Original Issue Premium

The Series 2016 B Bonds maturing on _____ 1, 20__ and _____ 1, 20__ (the "Premium Bonds") were sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity in the case of the "Noncallable Premium Bonds" or their earlier call date in the case of the "Callable Premium Bonds." The difference between the principal amount payable at maturity of the Noncallable Premium Bonds and the tax basis of a Noncallable Premium Bond to a purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to a purchaser (in either case, other than a purchaser who holds a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) will be "bond premium." For federal income tax purposes, bond premium is amortized over the period to maturity of a Noncallable Premium Bond. A purchaser of a Premium Bond will be required to decrease his or her adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he or she holds the Premium Bond. The amount of amortizable bond premium attributable to a taxable year will be determined at a constant interest rate compounded annually. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond.

Owners of Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of bond premium properly accruable in any period with respect to the Premium Bonds as to other federal tax consequences, and the treatment of the bond premium for purposes of state and local taxes on, or based on, income.]

RATINGS

Based on the insurance policy issued by BAM, the Series 2016 B Bonds are rated "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("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. 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 2016 B Bonds any proposed revision or withdrawal of any rating of the Series 2016 B 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 2016 B Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2016 B Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, the form of which is attached as APPENDIX D hereto. Hoy G. Shingleton Jr., Esquire, Martinsburg, West Virginia, counsel to the Utility Board, will pass on certain matters for the 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 2016 B Bonds, the Ordinance or any agreement to which the City is a party and which is a part of the issuance of the Series 2016 B Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2016 B 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 2016 B BONDS - General."

UNDERWRITING

The Series 2016 B 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 2016 B Bonds at a total purchase price of $_____ (which is the par amount, less an underwriting discount of $_____ plus[minus] a net of an original 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 2016 B Bonds to certain dealers (including dealers depositing the Series 2016 B 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, 2015, and the report with respect to the audited financial statements as of and for the twelve-month period ended June 30, 2015, dated March 23, 2016, 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, 2016 are not expected to be available for inclusion in the final Official Statement and prior to the delivery of the Series 2016 B 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 2016 B 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 Ordinance to execute and deliver contemporaneously with the issuance of the Series 2016 B Bonds an agreement to undertake for the benefit of the Registered Owners of the Series 2016 B 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, 2016, 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 2016 B Bonds. Registered Owners may contact the City Manager of the Issuer 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 during 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 disclosure will be filed in a timely manner in the future.

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC, Lexington, Kentucky, is serving as independent municipal advisor (the "Municipal Advisor") to the City in connection with the Series 2016 B Bonds.

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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 Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2016 B Bonds. The City has authorized the execution and distribution of this Official Statement.

CITY OF CHARLES TOWN, WEST VIRGINIA

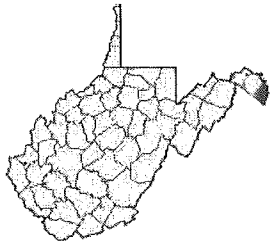
By: /s/_____
Mayor

APPENDIX A

GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA

APPENDIX A – General Information regarding Jefferson County, WV

Sources include: US Census
City-Data.com
WorkforceWV
www.stats.indiana.edu/



People & Income Overview (By Place of Residence)	Value	Rank in U.S.	Industry Overview, 2015 (By Place of Work)	Value	Rank in U.S.
Population (2015)	56,482	921	Covered Employment	15,334	1,088
Growth (%) since 2010 Census	5.3 %	401	Avg Wage per Job	$40,360	942
Households (2014)	20,126	939	Manufacturing - % All Jobs in County	5.4 %	2,083
Labor Force (persons) (2015)	27,597	863	Avg Wage per Job	$42,260	1,789
Unemployment Rate (2015)	4.1	2,362	Transportation & Warehousing - % All Jobs in County	0.5 %	2,698
Per Capita Personal Income (2014)	$44,160	748	Avg Wage per Job	$56,815	319
Median Household Income (2014)	$66,950	204	Health Care, Social Assist. - % All Jobs in County	6.7 %	1,810
Poverty Rate (2014)	10.2	2,734	Avg Wage per Job	$39,581	993
High School Diploma or More - % of Adults 25+ (2014)	88.1 %	1,222	Finance and Insurance - % All Jobs in County	1.9 %	1,923
Bachelor's Degree or More - % of Adults 25+ (2014)	28.3 %	479	Avg Wage per Job	$46,524	1,409

Demographics

Population over Time	Number	Rank in U.S.	Percent of U.S.	U.S.
2015	56,482	921	0.0 %	321,418,820
2010	53,626	945	0.0 %	309,346,863
2000	42,492	1,066	0.0 %	282,162,411
1990	36,150	1,118	0.0 %	249,464,396
1980	30,302	1,230	0.0 %	226,542,250
2000 to 2010 % Change	26.2 %	205		9.6 %
1990 to 2010 % Change	48.3 %	370		24.0 %
1980 to 2010 % Change	77.0 %	383		36.6 %

Source: U.S. Census Bureau

Components of Population Change (1-year change ending in 2015)	Number	Rank in U.S.	Percent of U.S.	U.S.
Net Domestic Migration	383	374	0.0 %	0
Net International Migration	146	569	0.0 %	1,150,528
Natural Increase (births minus deaths)	177	747	0.0 %	1,360,891
Births	636	916	0.0 %	3,985,924
Deaths	459	1,041	0.0 %	2,625,033

Source: U.S. Census Bureau

Population Estimates by Age in 2014	Number	Rank in U.S.	Pct Dist.	Pct Dist. in U.S.
Preschool (0 to 4)	3,160	945	5.8 %	6.4 %
School Age (5 to 17)	9,521	906	17.4 %	17.1 %
College Age (18 to 24)	5,390	890	9.9 %	10.0 %
Young Adult (25 to 44)	13,715	900	25.1 %	26.4 %
Older Adult (45 to 64)	15,808	883	28.9 %	26.4 %
Older (65 plus)	7,056	1,060	12.9 %	13.7 %
Median Age	39.4	1,962		Median Age = 37.4

Sources: U.S. Census Bureau, American Community Survey, 5-Year Estimates;
Median age calculated by the IBRC.

Population Estimates by Race and Hispanic Origin in 2014	Number	Rank in U.S.	Pct Dist.	Pct Dist. in U.S.
American Ind. or Alaskan Native Alone	39	2,191	0.1 %	0.8 %
Asian Alone	868	701	1.6 %	5.0 %
Black Alone	3,553	954	6.5 %	12.6 %
Native Hawaiian and Other Pac. Isl. Alone	0	1,600	0.0 %	0.2 %
White Alone	48,029	899	87.9 %	73.8 %
Two or More Race Groups	1,545	783	2.8 %	2.9 %
Hispanic or Latino (can be of any race)				
Non-Hispanic or Latino	51,862	901	94.9 %	83.1 %
Hispanic or Latino	2,788	1,016	5.1 %	16.9 %

Sources: U.S. Census Bureau, American Community Survey, 5-Year Estimates

Hispanic or Latino Population in 2014 (can be of any race)	Number	Rank in U.S.	Pct Dist.	Pct Dist. in U.S.
Hispanic	2,788	1,016	100%	100%
Mexican	690	1,518	24.7 %	64.2 %
Cuban	87	689	3.1 %	3.7 %
Puerto Rican	590	519	21.2 %	9.5 %
Other	1,421	552	51.0 %	22.6 %
White, Not Hispanic (reporting white alone)	46,082	878	N/A	N/A

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates

Education

Educational Attainment in 2014	Number	Percent of Population 25+	Rank in U.S.	U.S. % of Population 25+
Total Population 25 and Older	36,579	100%	N/A	100%
Less than 9th Grade	1,609	4.4 %	1,769	5.8 %
9th to 12th, No Diploma	2,752	7.5 %	1,933	7.8 %
High School Graduate (includes equiv.)	12,149	33.2 %	1,918	28.0 %
Some College, No Degree	7,216	19.7 %	2,242	21.2 %
Associate Degree	2,503	6.8 %	2,161	7.9 %
Bachelor's Degree	6,641	18.2 %	499	18.3 %
Graduate, Professional or Doctorate Degree	3,709	10.1 %	497	11.0 %

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates

Income & Poverty

Median Income	Number	Rank in U.S.	Percent of U.S.
Median Household Income in 2014	$66,950	204	124.8 %
Median Household Income in 2000	$45,039	418	107.3 %
Percent Change 2000 to 2014	48.6 %	249	

Source: U.S. Census Bureau

Per Capita Personal Income (PCPI)	Number	Rank in U.S.	Percent of U.S.
2014	$44,160	748	95.9 %
2004	$32,455	469	94.6 %
1994	$19,834	822	88.0 %
1984	$10,843	1,735	78.2 %
10-Year % Change	36.1 %	1,753	
20-Year % Change	122.6 %	964	
30-Year % Change	307.3 %	355	

Source: U.S. Bureau of Economic Analysis

Personal Income in 2014 ($000)	Number	5-Year % Change (adj*)	Rank in U.S.
Total Earnings by Place of Work	$904,685	27.6 %	897
Minus: Contributions for Government Social Insurance	$111,380	30.1 %	370
Personal Contributions for Government Social Insurance	$58,132	27.3 %	527
Employer Contributions for Government Social Insurance	$53,248	33.4 %	313
Plus: Adjustment for Residence	$859,302	3.5 %	2,169
Equals: **Net Earnings by Place of Residence**	$1,652,607	13.7 %	2,149
Plus: Dividends, Rent, Interest	$355,638	21.4 %	1,513
Plus: Transfer Payments	$452,030	55.3 %	2
Equals: **Personal Income by Place of Residence**	$2,460,275	20.8 %	1,211

Source: U.S. Bureau of Economic Analysis

Poverty Estimates	Number	Rank in U.S.	Percent Change	Rank in U.S.
Poverty Rate in 2014	10.2	2,734	--	--
In 2000	8.8	2,481	-9.7 %	2,283
Poverty Rate for Children under 18 in 2014	13.1	2,806	--	--
In 2000	12.3	2,442	-19.1 %	2,641

Source: U.S. Census Bureau

Jobs & Earnings (BEA)

BEA Major Sectors (NAICS) in 2014 (by place of work)	Earnings ($000)	Avg Earnings Per Job	Rank in U.S.	Jobs	Pct Dist. in County	Pct Dist. in U.S.
Earnings by place of work - 35	$904,685	$40,461	1,707	22,359	100.0 %	100.0 %
Wage and salary disbursements - 50	$631,882	$37,500	1,405	16,850	75.4 %	78.0 %
Proprietors' income - 70	$108,296	$19,658	1,954	5,509	24.6 %	22.0 %
Farm proprietors' income - 71	$7,039	$16,034	1,789	439	2.0 %	1.0 %
Nonfarm proprietors' income - 72	$101,257	$19,971	1,510	5,070	22.7 %	21.0 %

Farm earnings - 81	$12,748	$22,055	1,769	578	2.6 %	1.4 %
Nonfarm earnings - 82	$891,937	$40,950	1,493	21,781	97.4 %	98.6 %
Private earnings - 90	$647,615	$36,631	1,686	17,679	79.1 %	85.6 %
Forestry, fishing, related activities, and other - 100	$0	$0	0	0	0.0 %	0.5 %
Mining - 200	$0	$0	0	0	0.0 %	0.9 %
Utilities - 300	$0	$0	0	0	0.0 %	0.3 %
Construction - 400	$46,600	$45,111	1,259	1,033	4.6 %	5.2 %
Manufacturing - 500	$57,622	$66,308	807	869	3.9 %	7.0 %
Retail Trade - 700	$54,767	$23,030	2,353	2,378	10.6 %	10.1 %
Transportation and warehousing - 800	$0	$0	0	0	0.0 %	3.4 %
Information - 900	$10,228	$53,549	650	191	0.9 %	1.8 %

Source: U.S. Bureau of Economic Analysis (BEA)
D = Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.
L = Less than 10 jobs, but the estimates for this item are included in the totals.
N/A = Not available or not applicable.
* = "Other" consists of the number of jobs held by U.S. residents employed by international organizations and foreign embassies and consulates in the United States.

Jobs & Wages (BLS)

Annual Covered Employment and Wages Over Time (NAICS)	Establishments	Jobs	Average Wage Per Job (*adj)	Rank in U.S.	Pct of U.S. Avg Wage
2015	1,080	15,334	$40,360	942	76.2 %
2014	1,062	14,839	$37,200	1,309	72.4 %
2013	1,037	15,029	$35,556	1,407	71.4 %
2012	1,028	15,042	$35,607	1,275	72.2 %
2011	1,011	14,699	$34,638	1,306	72.1 %
2010	999	14,216	$33,151	1,419	70.9 %
2009	1,015	13,846	$32,269	1,443	70.8 %
2008	1,022	14,337	$30,772	1,719	67.5 %
2007	1,042	14,814	$29,875	1,675	67.2 %
2006	1,027	14,573	$29,569	1,465	69.5 %
2005	998	14,358	$28,460	1,465	70.0 %
10-Year Change	82	976	$11,900		
10-Year Percent Change	8.2 %	6.8 %	41.8 %		

Source: U.S. Bureau of Labor Statistics (BLS)
***adj** = Adjusted for Inflation; **D** = Non-Discloseable Data; **N/A** = Not Available;
Note: Average wage may not match published numbers due to rounding.

Annual Industry Distribution of Jobs and Avg. Wage in 2015 (NAICS)	Establishments	Jobs	Pct. Dist.	Annual Average Wage Per Job	Rank in U.S.
Total	1,080	15,334	100.0 %	$40,360	942
Agriculture, Forestry, Fishing and Hunting	19	0	0.0 %	$0	1,709
Mining	1	0	0.0 %	$0	1,194
Utilities	4	0	0.0 %	$0	0
Construction	88	504	3.3 %	$47,455	976
Manufacturing	18	828	5.4 %	$42,260	1,789
Wholesale Trade	30	252	1.6 %	$49,643	1,153
Retail Trade	139	1,826	11.9 %	$22,876	2,020
Transportation & Warehousing	26	71	0.5 %	$56,815	319

Information	14	95	0.6 %	$54,829	460
Finance and Insurance	41	296	1.9 %	$46,524	1,409
Real Estate and Rental and Leasing	49	143	0.9 %	$33,476	1,028
Professional, Scientific, and Technical Services	135	667	4.3 %	$69,399	381
Management of Companies and Enterprises	3	0	0.0 %	$0	1,265
Admin. & Support & Waste Mgt. & Rem. Services	55	0	0.0 %	$0	0
Educational Services	40	834	5.4 %	$53,323	78
Health Care and Social Services	75	1,032	6.7 %	$39,581	993
Arts, Entertainment, and Recreation	43	575	3.7 %	$40,486	126
Accommodation and Food Services	133	3,564	23.2 %	$24,709	50
Other Services (Except Public Administration)	124	549	3.6 %	$26,910	1,302
Public Administration	40	1,455	9.5 %	$71,386	121
Unallocated	4	1	0.0 %	$109,878	31

Source: U.S. Bureau of Labor Statistics (BLS)
D = Not shown to avoid disclosure of confidential information.
N/A = This item is not available.
Note: Average wage may not match published numbers due to rounding.

Labor Force

Labor Force Annual Averages in 2015	Number	Rank in U.S.	% of U.S.	U.S.
Total Labor Force	27,597	863	0.0 %	157,130,000
5-Year % Change	2.7 %	629	--	0.0 %
10-Year % Change	14.8 %	298	--	5.2 %
Employed	26,464	859	0.0 %	148,834,000
5-Year % Change	5.5 %	918	--	7.0 %
10-Year % Change	13.8 %	328	--	5.0 %
Unemployed	1,133	1,083	0.0 %	8,296,000
5-Year % Change	-36.8 %	915	--	-44.0 %
10-Year % Change	42.2 %	216	--	9.3 %
Unemployment Rate	4.1	2,362	77.4 %	5.3
5-Year % Change	-38.8 %	1,344	--	-44.8 %
10-Year % Change	24.2 %	538	--	3.9 %

Source: U.S. Bureau of Labor Statistics

Living Arrangements

Households in 2014	Number	Rank in U.S.	Pct. Dist.	Pct. Dist. in U.S.
Total Households	20,126	939	100%	100%
Family Households	14,269	907	70.9 %	66.2 %
Married with Children	4,086	878	20.3 %	19.6 %
Married without Children	7,009	903	34.8 %	28.8 %
Single Parents	1,831	942	9.1 %	9.5 %
Other	1,343	1,013	6.7 %	8.3 %
Non-Family Households	5,857	1,010	29.1 %	33.8 %
Living Alone	4,555	1,070	22.6 %	27.6 %
Average Household Size	2.60	586		

Source: U.S. Census Bureau

Housing Units in 2014	Number	Rank in U.S.	Pct. Dist.	Pct. Dist. in U.S.
Total Housing Units (ACS estimate)	22,268	1,000	100%	100%
Occupied	20,126	939	90.4 %	87.5 %
Owner Occupied	15,311	893	68.8 %	56.3 %
Renter Occupied	4,815	1,065	21.6 %	31.2 %
Vacant	2,142	1,467	9.6 %	12.5 %
For Seasonal or Recreational Use	695	1,192	3.1 %	4.0 %

Source: U.S. Census Bureau

Residential Building Permits in 2015	Units	Pct Dist.	Pct Dist. in U.S.	Cost ($000)
Total Permits Filed	304	100%	100%	$57,797
Single Family	204	67.1 %	58.9 %	$51,697
Two Family	0	0.0 %	1.4 %	$0
Three and Four Family	4	1.3 %	1.3 %	$800
Five Families and More	96	31.6 %	38.4 %	$5,300

Source: U.S. Census Bureau

StatsAmerica is a service of the Indiana Business Research Center at Indiana University's Kelley School of Business.
This initiative is funded in part by the U.S. Commerce Department's Economic Development Administration.

WorkForce WEST VIRGINIA

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Russell L. Fry, *Acting Executive Director*
Keith Burdette, *Cabinet Secretary*

Jefferson County

Employment and Wages Annual Averages	2014			2013		
	Emp.	Total Wages	Avg Annual Wage	Emp	Total Wages	Avg Annual Wage
Total, All Industries	14,838	550,325,943	37,089	15,048	533,787,837	35,472
Total, Private Sector	11,336	384,372,796	33,907	11,566	379,191,071	32,785
Natural Resources and Mining	119	4,071,736	34,216	122	3,889,666	31,883
Construction	431	17,038,063	39,531	441	17,549,445	39,795
Manufacturing	784	32,385,909	41,309	860	32,101,325	37,327
Trade, Transportation, and Utilities	2,179	57,044,358	26,179	2,189	55,882,819	25,529
42 Wholesale trade	244	11,235,560	46,047	265	11,205,641	42,285
44-45 Retail trade	1,815	40,860,430	22,513	1,798	39,821,473	22,148
48-49 Transportation and warehousing	107	4,454,413	41,630	113	4,388,866	38,840
Information	97	5,189,413	53,499	104	5,320,614	51,160
Financial Activities	439	17,895,819	40,765	438	17,528,427	40,019
Professional and Business Services	917	57,638,184	62,855	825	51,249,476	62,121
Education and Health Services	1,895	85,571,444	45,156	1,889	82,657,042	43,757
Leisure and Hospitality	3,903	93,456,273	23,945	4,130	99,578,070	24,111
Other Services	572	14,081,597	24,618	568	13,434,187	23,652
Government	3,502	165,953,147	47,388	3,482	154,596,766	44,399
Federal Government	772	60,113,302	77,867	699	49,478,605	70,785
State Government	821	30,619,877	37,296	851	30,805,874	36,200
Local Government	1,909	75,219,968	39,403	1,932	74,312,287	38,464

Demographics (2010 Census)	
Total Population 2013	55,713
Total Population 2000	42,439
Total Population 1990	35,926
Total Population 1980	30,302
Total Population 1970	21,280
Sex and Age	
Male	26,650
Female	27,481
Ages 14 and below	10,648
Ages 15 to 19	3,915
Ages 20 to 24	3,529
Ages 25 to 34	5,960
Ages 35 to 44	7,835
Ages 45 to 54	8,487
Ages 55 to 64	7,104
Ages 65 and older	6,653
Median Age	39.2
Race	
White	49,020
Black or African American	4,447
American Indian and Alaska Native	457
Asian	1,007
Native Hawaiian and Other Pacific	26
Some other race	678
Two or more races	1,481

Data Sources

http://lmi.workforcewv.org

http://bls.gov

http://census.gov

http://bea.gov

Top 10 Employers

March 2014

1	PNGI Charles Town Gaming
2	Jefferson County Board of Education
3	Shepherd University
4	American Public University System
5	Jefferson Memorial Hospital
6	Wal-Mart Stores, Inc.
7	Royal Vendors, Inc.
8	Department of the Interior (National Park Service)
9	Jefferson County Commission
10	Food Lion LLC

Worker Commuting Patterns

	Total	*Male*	*Female*
Number	25,313	13,396	11,917
Worked in state of residence:	13,256	6,202	7,054
Worked in county of residence	11,415	5,314	6,101
Worked outside county of residence	1,841	888	953
Worked outside state of residence	12,057	7,194	4,863

2010 American Community Survey 5-Year Estimates

Income

Total Personal Income (000)	2013	$2,199,537
Percapita Personal Income	2013	$39,939

Household Income*	*Number*
Less than $10,000	994
$10,000 to $14,999	722
$15,000 to $24,999	1,768
$25,000 to $34,999	1,713
$35,000 to $49,999	2,370
$50,000 to $74,999	3,742
$75,000 to $99,999	2,926
$100,000 to $149,999	3,430
$150,000 or more	2,224
Median Household Income (2013)	$65,304

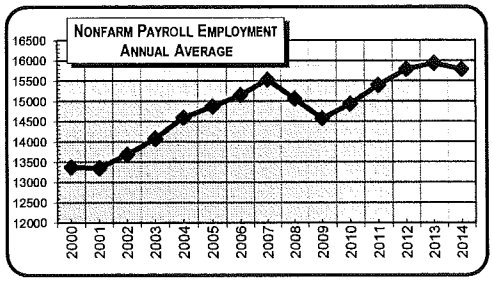
US Census Bureau

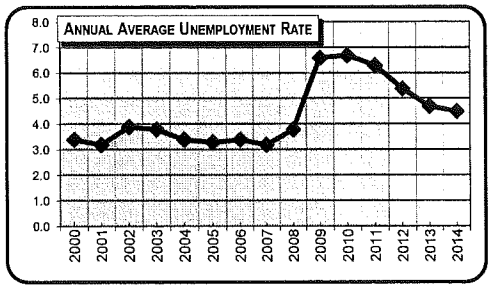
WorkForce WEST VIRGINIA

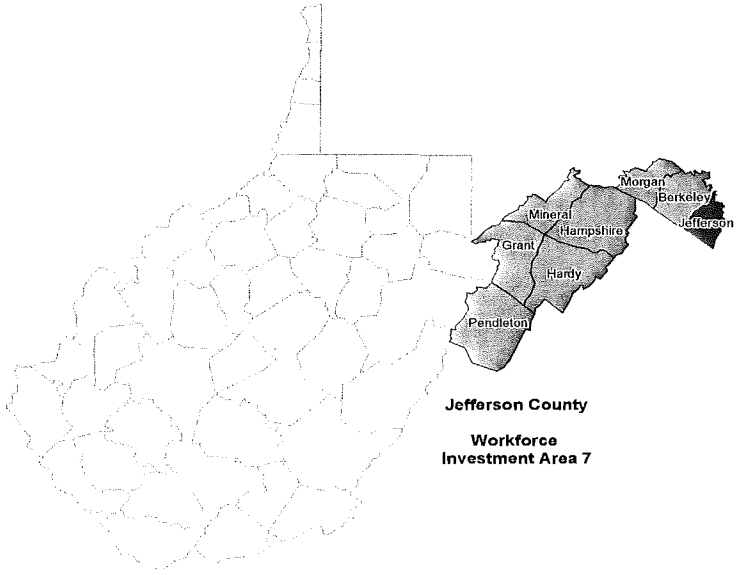
Earl Ray Tomblin, *Governor*
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County:	Jefferson														
County Seat:	Charles Town														
Labor Force Statistics	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Civilian Labor Force	23,350	23,300	23,250	23,150	23,520	24,040	24,800	25,250	24,920	24,650	26,870	27,250	27,550	27,420	27,040
Total Employment	22,570	22,560	22,340	22,280	22,730	23,250	23,960	24,440	23,970	23,020	25,080	25,540	26,050	26,140	25,830
Total Unemployment	790	750	910	870	790	800	840	810	950	1,630	1,790	1,710	1,500	1,290	1,210
Unemployment Rate	3.4	3.2	3.9	3.8	3.4	3.3	3.4	3.2	3.8	6.6	6.7	6.3	5.4	4.7	4.5
Total Nonfarm Payroll Employment by Industry	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
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	15,940	15,790
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	12,310	12,130
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	1,360	1,280
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	14,580	14,510
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	10,950	10,850
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	2,250	2,240
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	1,790	1,810
Transport, Warehousing & Util	110	110	120	140	120	110	120	110	150	180	**	**	**	**	**
Information	140	140	120	110	120	130	130	130	130	120	**	**	**	**	**
Financial Activities	470	480	450	440	470	500	510	500	490	480	440	440	430	440	450
Profess and Business Serv	830	700	830	920	1,110	1,120	950	1,030	760	760	700	660	710	950	1,110
Education and Health Serv	850	960	1,000	1,020	1,060	1,150	1,170	1,310	1,350	1,440	**	**	**	**	**
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	4,150	3,890
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	3,630	3,660
Federal	700	720	750	760	750	750	730	730	710	750	840	870	730	700	770
State	870	940	970	980	980	960	980	980	990	930	940	910	920	910	890
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	2,020	2,000

Benchmark 2013 ***not available*







Jefferson County

Workforce Investment Area 7

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, 2015, an average of 5,896 customers were served by the water system, compared to 5,827 in 2014.

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted)

Fiscal Year (June 30)	Residential & Commercial	Other	Total
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
2015	369,152	996	370,148

Communities Served

According to the PSC Annual Report, as of June 30, 2015, approximately 5,348 customers and a population of 13,932 were served by the water system.

	Water Customers At Year End	Population Served
Charles Town	2,444	6,281
Ranson	1,100	2,871
Jefferson County	1,804	4,780
	5,348	13,932

Sewer

The City owns, operates and maintains a wastewater treatment and collection system, extending throughout the City and 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. Both of the City's treatment plants discharge treated effluent to Evitts Run, a tributary of the Shenandoah River.

For the period ending June 30, 2015, an average of 3,233 customers were served by the wastewater treatment plant, compared to 3,083 in 2014. Additionally, the City provides wastewater treatment services to the City of Ranson ("Ranson") and Jefferson County Public Service District ("JCPSD"). Both Ranson and JCPSD are deemed to be resale customers of the City.

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:

Mayor/Council	Term	Occupation
Peggy A. Smith, Mayor	6/13 to 6/17	Retired
Michael George	6/13 to 6/17	Commodity Specialist
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
Bob Trainor	6/15 to 6/19	Director of US Marine Transportation System
Michael Tolbert	6/15 to 6/19	Federal Government Employee
Jonathan L. Wertman	6/13 to 6/17	Attorney
Nick Zaglifa	6/15 to 6/19	Project Coordinator

The City 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, Civil Engineer, Thomas W. Stocks, Charles W. Kline and the City Manager. Ms. Jane Arnett, CPA, serves as the manager of the System. 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:

- Completed a water loss audit by an independent engineering firm (ACER Engineers & Consultants, Inc.).

- Implemented the recommendations of the audit through adoption of a water loss mitigation plan, a 100% water meter replacement program and hardware and software upgrades, to provide increased cash flow.

- Under West Virginia Senate Bill 568, requested and had completed a Public Service Commission audit.

- Adopted Finance Policy F1-1, *Collection Procedures,* to comply with PSC Rule 4.8, *Utility Discontinuance of Service*, to improve water and sewer collections.

- With regard to wastewater treatment and following a Pre-Application and Feasibility Study, an Inflow and Infiltration Study, an Influent BOD Source Study, Volumetric Metering of Effluent Flow, and Facilities Plan, the City completed a $4.3 million upgrade to a sequential batch reactor system at the Wastewater Treatment Plant.

- Facilities Plan for Water System completed March 2001.

- Purchased a private utility with 175 customers, that includes a Super Wal-Mart. Purchased the assets of the Charles Town Races and Gaming private water system and connected the property to the City of Charles Town Water System.

- Acquired the assets of the existing Tuscawilla Utilities water and sewer systems, then engineered a water connecting line, constructed one Tuscawilla water tank and one Huntfield development water tank. Tuscawilla serves approximately 1,150 residential customers.

- Acquired an approximately one-mile water main to connect the System to the Huntfield development water system. This new development of approximately 1,000 acres has the capacity to accommodate over 3,000 homes.

- Completed in 2003, the Downtown Revitalization Project and Phase I Water Improvement Project totaled $6.7 million. The $2 million Downtown Revitalization Project was funded primarily by State and Federal grant funding ($1.4 million) to install new sidewalks, street areas, lighting and furniture that enhanced a state transportation corridor in the historic downtown area by promoting walkability and supporting tourism and economic development. Concurrently, a water line replacement project was completed through downtown ensuring adequate fire flows in the National Register of Historic Places district. Finally, new water storage and three additional miles of water mains were installed.

- Financed with revenue bonds issued in June 2005 in the principal amount of $2,355,000, a project to increase the System's treatment capacity by an additional 550,000 gallons per day. The project added two blowers to the Sequencing Batch Reactor ("SBR") system, as well as a 600,000 gallon aerobic digester to enhance digestion and reduce solids. The project resulted in improved discharge water quality.

- Financed with revenue bonds issued in January 2006 in the principal amount of $1,830,000, a project to purchase and add an existing sewerage collection system to the City's combined waterworks and sewerage system. The customers reside in the Huntfield residential subdivision. The development consists of approximately 1,000 acres located along US 340 and has the capacity to accommodate over 3,000 homes.

- Financed with revenue bonds issued in July 2006 in the principal amount of $2,000,000, a project to acquire, construct and equip certain improvements to its existing combined waterworks and sewerage system, consisting of the Northern High Zone water storage tank, booster station and related appurtenances. In addition, the City completed a twelve (12) inch interconnection to the Tuscawilla-Locust Hill development.

- Received an Insurance Services Organization favorable report. The rating improved from the last audit. The previous rating was 6/9 and the 5/9 generally warrants a reduction in insurance premiums.

- Leak detection efforts completed in Charles Town, Ranson, Locust Hill and Tuscawilla; all leaks repaired. Water loss for fiscal year 2011 was 38.1% reduced in 2012 to 31.1%.

- New water line work in 2012 included Brooke Street (2,200 feet 4"), 200 block Reymann Street and 4th Avenue (1,100 feet of 4"), two blocks of 3rd Avenue and Preston (1,000 feet of 4"), 100 block of west 4th Avenue (460 feet of 2"), and Hessy Street (240 feet of 2").

- Began partnership with West Virginia University on scanning efforts for GIS Inventory. Water mapping and modeling completed.

- Since 2010, all fire hydrants flowed, tagged, mapped and repaired where necessary (156 Public and 212 Private).

- Completed an MBR pilot study to evaluate Water Plant Improvement and Expansion (Proposed at $10,922,000).

- Converted to chloramines for water treatment to reduce HAA5 and THHM contaminants.

- Completed an $850,000 Water Generator Project. Generators have been installed at the Water Treatment Plant, the river intake site and a booster station.

- Purchased and installed a Sensus FlexNet meter reading system utilizing ARRA funds in the amount of $1,012,458. Installation of AMR transceiver units totaled 5,772 capable of transmitting meter readings every 4 hours.

- Since 2007, the Charles Town Utility Board has committed to publishing a Sewer Strategic Plan annually to align sewer needs with developer projections and schedule compliance timelines for nutrient reductions to meet Chesapeake Bay limits. The most recent Plan is published at www.ctubwv.com as well as the 2012 Consumer Confidence Report. In 2009 the Board also prepared a Water and Wastewater Capital Improvement Program.

- Tuscawilla Project (SRF# C-544392-02). Major modification to construct a .5 MGD MBR facility approved February 3, 2011, and construction began September 1, 2011, at $13,081,610.00. Substantial completion in September 2013. Facility is fully operational.

- Huntfield Force Main and Augustine Ave. Pumpover Station Projects (SRF# C544392-03). Permit Mod. No. 1 received April 11, 2012, and construction began January 2013, to provide an interconnect between the new Tuscawilla facility and the Charles Town Wastewater Treatment Plant at $1,500,000. Significant flows are now being diverted for enhanced quality treatment at Tuscawilla for Chesapeake Bay compliance.

- Combined Permit – Major Modification through public notice period to combine WVNPES Permit No. WV0022349 and WVNPDES Permit No. WV0088013 for nutrient loading limits.

- Willow Spring and 2012 – 2014 Wastewater Projects – (Willow Spring purchase, Willow Spring pumpover, Samuel Street upgrade, Jefferson Ave line, Patrick Henry / Wal-Mart pump station improvements, Charles Town Phase 1 project, the SEP and the Effluent Line at Tuscawilla). The Willow Spring wastewater treatment plant has been purchased.

Application submitted January 10, 2012, IJDC approved April 11, 2012, Clean Water State Revolving Funds $5,546,600 for Design and Construction - (0%, 0.5% Admin Fee, 30 year), Private Funding $1,914,400 (Willow Spring purchase and SEP) – (4.88%, 30 year). FY2013 Priority List Application for the Clean Water State Revolving Fund Program submitted. Design Loan $595,000 filed June 11, 2012 (Part of $7,761,000 Project). Engineering to be completed in 2014. The Charles Town Phase 1 and Tuscawilla Effluent Line projects have received bids and construction is scheduled to begin July 14, 2014.

- Chesapeake Bay Projects: The wastewater treatment facilities in the eight counties of West Virginia that flow to Chesapeake Bay have been mandated to reduce the flow of nitrogen and phosphorus compounds. At the end of 2012, the Charles Town "eligible" Chesapeake Bay compliance projects costs equaled $21,537,600 (as Tuscawilla Phase 1 with engineering $16,397,192, Projects 1B and 1C $1,153,558, Charles Town Phase 1 $3,202,000 and Tuscawilla Effluent Line $784,850) and would allow Charles Town to meet Chesapeake Bay compliance standards at 1.5 MGD. Charles Town has now completed a $15 million biological wastewater treatment plant to achieve targets set by the United Stated Environmental Protection Agency and the State of West Virginia. The Charles Town Phase I Project adds secondary treatment through sand filters at the main Charles Town facility to achieve compliance with the Executive Order and the West Virginia Department of Environmental Protection permit limits for Charles Town.

- JobsPlus asset management system fully operational.

- Full implementation of new accounting and billing software from Tyler as of January 2013 at a cost of $150,000.

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)
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083
2015	5,896	3,233

In addition to its residential and commercial customers, the City treats the wastewater from the City of Ranson and Jefferson County Public Service District.

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

Current Water Rates

The Public Service Commission authorized a water rate increase adopted by the City Council on March 2, 2015, effective for all service rendered on or after July 1, 2016. The current rates are as follows:

SCHEDULE I
(Effective Upon Substantial Completion of a Water Treatment Plant Improvement Project or Commencement of Project Debt Service, Whichever Occurs First)

APPLICABILITY

Applicable to entire area served except the contract rate.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES

First	10,000 gallons used per month	$10.33 per 1,000 gallons
Next	30,000 gallons used per month	$8.79 per 1,000 gallons
All over	40,000 gallons used per month	$6.94 per 1,000 gallons
PNGI Contract Rate		$4.86 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed:

5/8" of 5/8" x 3/4	Meter	$25.83 per month
3/4"	Meter	$38.74 per month
1"	Meter	$64.57 per month
1-1/2"	Meter	$129.14 per month
2"	Meter	$206.62 per month
3"	Meter	$387.42 per month
4"	Meter	$645.70 per month
6"	Meter	$1,291.40 per month

FLAT RATE

For Domestic, Commercial or Industrial Customer --$46.94 per month for 4,500 gallons.

METERED SALES – OTHER

For direct sales at the water treatment plant	$6.94 per 1,000 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 $50.00.

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

COST OF WATER PRODUCED

$0.50 per M gallons. To be used when the bill reflects unusual consumption that can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE II

(Effective Upon Substantial Completion of a Water Treatment Plant Improvement Project or Commencement of Project Debt Service, Whichever Occurs First)

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 $2,576.00 for each residential connection. Connections for nonresidential use shall be paid in accordance with a residential usage equivalent schedule set forth hereinafter. The funds collected from the capacity improvement capital cost fee shall be maintained in a separate fund by the Water System and shall be used only for the purpose of improving the water system treatment, storage and transmission facilities. These charges shall also be paid by customers of the water system who resell water supplied by the City to its customers in the same amount as if those connected to the resale equivalent for other that single family residential units for the capacity improvements capital cost free are as follows:

RESIDENTIAL USAGE EQUIVALENTS

UNIT	WATER GALLONS/DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches With Kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
Bar & Cocktail Lounge	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
Institutions:		
Hospital	250/bed	1.67/bed
Nursing Home	150/bed	1.0/bed
Others	75/bed	0.5/bed
Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
Mobile Home Park	150/unit space	1.0 unit space
Motels	120/room	0.8/room
Retail Stores	400/toilet room	2.67/toilet room
Residence	150/residence	1.0 residence
School:		
Day, no cafeteria/Showers	15/pupil	0.1/pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria/Showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
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 adopted by the City Council on March 21, 2016, effective for all service rendered on or after July 1, 2016. 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	$14.07	per 1,000 gallons	
Next	8,000 gallons used per month	$10.12	per 1,000 gallons	
	All over	10,000 gallons used per month	$9.20	per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than $28.14 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, $53.44 per month.

RESALE RATE

$6.53 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).

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

UNIT	WATER GALLONS/DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches with kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
Bar & Cocktail Lounge (additive)	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/per seat
Hotel	120/room	0.8/per room
Industry, sanitary	15/person/shift	0.1/person per shift
Institutions:		
Hospital	250/bed	1.67/bed
Nursing Homes	150/bed	1.0/bed
Others	75/person	0.5/person
Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
Motels	120/room	0.8/room
Retail Stores	400/toilet room	2.67/toilet room
Residence	150/residence	1.0/residence
School:		
Day, no cafeteria/showers	15/pupil	0.1/pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria/showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100 ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Capacity Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the sewer department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

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, 2015. (See "APPENDIX C – FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN.")

Retirement System Contributions (source: City Audits)

Fiscal Years Ended June 30	2010	2011	2012	2013	2014	2015
City Contribution Amount(1)	$124,530	$137,336	$158,110	$149,918	$155,799	$162,876

(1) Fiscal Years Ended June 30, 2010, 2011, 2012, 2013 and 2014 include contributions made on behalf of Charles Town Utility Board employees.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN UTILITY BOARD FOR THE FISCAL YEAR ENDING JUNE 30, 2015

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, 2015
RFP # 14-009

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CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

FOR THE YEAR ENDED JUNE 30, 2015

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PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT

March 23, 2016

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, 2015, 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.

Auditor's Responsibility (Continued)

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.

Basis for Qualified Opinion

The Utility Board has elected not to record the 2015 OPEB expense that, 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 $22,912, and net position would decrease by $22,912 as of June 30, 2015. Additionally, expenses would increase by $22,912 for the year ending June 30, 2015. In addition the Utility Board has elected not to record previous periods OPEB expense that, 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 $676,903 as of June 30, 2015.

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, 2015, 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, during the year ended June 30, 2015, the Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

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 and schedules of net pension liabilities and pension contributions*, 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 23, 2016 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 & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
(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, 2015. Please read it in conjunction with the Utility Board's financial statements.

FINANCIAL HIGHLIGHTS

The Utility Board's net position increased $11.5 million as a result of this year's operations. Net position of the water fund increased $0.4 million compared to the previous year, or 14 percent. Net position of the sewer fund increased by $11.1 million, or 236 percent compared to the previous year. The increase in sewer net position reflects $10.9 million of state capital grant funding awarded and earned in 2015.

The Utility Board's operating revenues increased by $0.3 million and operating expenses increased $0.3 million compared to the previous year. Water fund operating revenues decreased by $0.1 million and water fund operating expenses decreased by $0.2 million compared to the previous year. Sewer fund operating revenues increased $0.4 million and sewer operating expenses increased $0.5 million compared to the previous year.

Operating income increased $0.1 million for the water fund and decreased at $0.1 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. 68, the Utility Board has reported a collective net pension liability of $0.3 million, pension related deferred outflows of $0.2 million, and pension related inflows of $0.3 million.

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 asset/deferred outflows and liabilities/deferred inflows 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).

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.

4. Pension Restatement

The information necessary to restate the beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 operating expenses still include pension expense of $155,684 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $34,216. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$5,640,903
Pension expense under GASB 68	(34,216)
2015 contractually required contribution	162,876
Adjusted 2015 program expenses	5,769,563
Total 2014 program expense under GASB 27	5,253,928
Increase in program expenses not related to pension	$ 515,635

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)

	Water		Sewer		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 3.7	$ 4.0	$ 2.9	$ 2.5	$ 6.6	$ 6.5
Capital assets	14.9	14.9	30.6	28.0	45.5	42.9
Total assets	18.6	18.9	33.5	30.5	52.1	49.4
Deferred outflows of resources	0.8	0.7	0.2	0.2	1.0	0.9
Total assets and deferred outflows of resources	$ 19.4	$ 19.6	$ 33.7	$ 30.7	$ 53.1	$ 50.3
Long-term debt outstanding	$ 15.0	$ 15.7	$ 17.4	$ 25.4	$ 32.4	$ 41.1
Other liabilities	0.8	0.6	0.4	0.3	1.2	0.9
Total liabilities	15.8	16.3	17.8	25.7	33.6	42.0
Deferred inflows of resources	0.2	-	0.1	-	0.3	-
Net position:						
Net investment in capital assets	(0.1)	(0.1)	13.3	2.7	13.2	2.6
Restricted	3.0	3.3	2.0	2.0	5.0	5.3
Unrestricted	0.5	0.1	0.5	0.3	1.0	0.4
Total net position	3.4	3.3	15.8	5.0	19.2	8.3
Total liabilities, deferred inflows, and net position	$ 19.4	$ 19.6	$ 33.7	$ 30.7	$ 53.1	$ 50.3

Net position of the Utility Board as a whole increased by 131 percent ($10.9 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 $0.4 million at June 30, 2014, to $1.0 million at the end of this year.

Water net position increased by $0.1 million or 3 percent and sewer net position increased by $10.8 million or 216 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	
	2015	2014	2015	2014	2015	2014
Operating revenues	$ 3.1	$ 3.2	$ 3.3	$ 2.9	$ 6.4	$ 6.1
Operating expenses	2.8	3.0	2.8	2.3	5.6	5.3
Operating income	0.3	0.2	0.5	0.6	0.8	0.8
Non-operating revenues (expenses)	(0.3)	(0.2)	(0.3)	(0.4)	(0.6)	(0.6)
Changes in net position before capital contributions	-	-	0.2	0.2	0.2	0.2
Capital contributions	0.4	0.1	10.9	0.8	11.3	0.9
Change in net position	$ 0.4	$ 0.1	$ 11.1	$ 1.0	$ 11.5	$ 1.1

The Utility Board's operating revenues increased by $0.3 million or 5 percent. The operating expenses increased by $0.3 million or 6 percent. The analysis separately considers the operations of the water and sewer funds.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2015, 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Utility Board had $45.5 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 $2.6 million.

Table 3 - Capital Assets at Year-End (Net of Depreciation, in Millions)

	2015	2014
Capital assets not depreciated - utility plant	$ 4.6	$ 1.5
Capital assets depreciated - utility plant	61.1	59.9
Totals	65.7	61.4
Accumulated depreciation	(20.2)	(18.5)
Capital assets, net of depreciation	$ 45.5	$ 42.9

Additions for the year ended June 30, 2015 are as follows (in Millions)

Water

Generators	$ 0.3
Equipment/mains/meters	0.2
Trucks	0.1
Water improvement projects	0.2
	0.8

Sewer

Charles Town Phase 1/Tusc. Effluent line	3.1
Tuscawilla/Huntfield	0.3
Miscellaneous equipment/engineering	0.1
	3.5
Total 2015 additions	$ 4.3

Debt

At year-end, the Utility Board had $32.4 million in long-term debt outstanding compared to $41.1 million in the previous year.

Table 4 - Outstanding Debt at Year-End (in Millions)

Leases	$ 0.3	$ 0.3
Loans (Municipality of Charles Town)	0.6	0.6
Notes	0.1	0.1
Bonds	31.4	40.1
Total	$ 32.4	$ 41.1

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 2015 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, 2015

ASSETS AND DEFERRED OUTFLOWS

	Water Fund	Sewer Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 188,331	$ 276,098	$ 464,429
Customer accounts receivable, net of allowances	154,256	80,082	234,338
Grants receivable	-	137,521	137,521
Other accounts receivable	-	10,542	10,542
Due from water department	-	33,825	33,825
Due from associated companies	-	113,578	113,578
Inventory, at cost	87,935	1,768	89,703
Accrued utility revenue	279,954	178,668	458,622
Total current assets	710,476	832,082	1,542,558
RESTRICTED ASSETS			
Debt service funds	1,661,655	955,868	2,617,523
Construction funds	-	566,477	566,477
Capacity improvement funds	1,349,705	398,913	1,748,618
Repair and replacement funds	63,901	92,936	156,837
Total restricted assets	3,075,261	2,014,194	5,089,455
CAPITAL ASSETS			
Utility plant in service	27,140,901	34,491,399	61,632,300
Less: accumulated depreciation and amortization	12,652,154	7,522,752	20,174,906
Net utility plant in service	14,488,747	26,968,647	41,457,394
Construction in progress	381,597	3,642,651	4,024,248
Total capital assets	14,870,344	30,611,298	45,481,642
Total assets	18,656,081	33,457,574	52,113,655
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized amounts from refunding of debt	643,283	168,519	811,802
Defined benefit pension plan contribution	98,017	64,859	162,876
Collective deferred outflows related to pension	1,002	668	1,670
Total deferred outflows	742,302	234,046	976,348
Total assets and deferred outflows	$ 19,398,383	$ 33,691,620	$ 53,090,003

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2015

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 194,823	$ 91,212	$ 286,035
Accrued expenses	207,291	107,416	314,707
Customer deposits	134,361	69,512	203,873
Due to sewer fund	33,825	-	33,825
Capital lease payable (current portion)	73,079	6,798	79,877
Notes payable (current portion)	800	8,597	9,397
Total current liabilities (payable from current assets)	644,179	283,535	927,714
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	665,194	780,498	1,445,692
Accrued revenue bond interest payable	90,881	42,716	133,597
Total current liabilities (payable from restricted assets)	756,075	823,214	1,579,289
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)			
Revenue bonds payable	13,504,849	16,415,415	29,920,264
Capital lease payable	231,127	-	231,127
Notes payable	-	20,279	20,279
Accrued expenses	49,815	20,153	69,968
Loan from Charles Town	465,280	124,251	589,531
Collective net pension liability	177,548	118,369	295,917
Total long-term liabilities	14,428,619	16,698,467	31,127,086
Total liabilities	15,828,873	17,805,216	33,634,089
DEFERRED INFLOWS OF RESOURCES			
Collective deferred inflows related to pension	187,821	125,214	313,035
Total liabilities and deferred inflows	16,016,694	17,930,430	33,947,124
NET POSITION			
Net investment in capital assets	(69,985)	13,255,460	13,185,475
Restricted	2,984,380	1,971,478	4,955,858
Unrestricted	467,294	534,252	1,001,546
Total net position	3,381,689	15,761,190	19,142,879
Total liabilities, deferred inflows and net position	$ 19,398,383	$ 33,691,620	$ 53,090,003

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2015

	Water Fund	Sewer Fund	Totals
OPERATING REVENUES			
Sales and services to customers	$ 3,138,299	$ 3,325,180	$ 6,463,479
Total operating revenues	3,138,299	3,325,180	6,463,479
OPERATING EXPENSES			
Personal services	695,900	624,436	1,320,336
Contractual services	83,823	126,926	210,749
Administrative and general	167,242	161,858	329,100
Materials and supplies	212,636	284,136	496,772
Utilities	122,000	322,159	444,159
Maintenance	732,461	463,842	1,196,303
Depreciation and amortization	823,354	820,130	1,643,484
Total operating expenses	2,837,416	2,803,487	5,640,903
Operating income	300,883	521,693	822,576
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	3,065	2,412	5,477
Interest and fiscal charges	(605,072)	(257,344)	(862,416)
Bond issuance costs	(107,013)	(85,165)	(192,178)
Miscellaneous revenues	446,420	-	446,420
Total nonoperating revenues (expenses)	(262,600)	(340,097)	(602,697)
Income before contributed capital	38,283	181,596	219,879
CONTRIBUTED CAPITAL	416,382	10,853,625	11,270,007
Change in net position	454,665	11,035,221	11,489,886
Total net position at beginning of year (Restated)	2,927,024	4,725,969	7,652,993
Total net position at end of year	$ 3,381,689	$ 15,761,190	$ 19,142,879

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 3,126,183	$ 3,314,005	$ 6,440,188
Cash paid for operation and maintenance expenses	(2,036,663)	(2,030,829)	(4,067,492)
Net cash provided by operations	1,089,520	1,283,176	2,372,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(809,220)	(3,472,383)	(4,281,603)
Bond acquisition costs paid	(107,013)	(85,165)	(192,178)
Proceeds from revenue bonds and long-term debt	2,251,286	3,745,743	5,997,029
Principal paid on revenue bonds and long-term debt	(3,010,416)	(11,830,083)	(14,840,499)
Interest paid on bonds, notes and leases payable	(548,529)	(242,899)	(791,428)
Decrease in restricted assets, net	313,857	42,070	355,927
Proceeds from capital grants	-	10,466,692	10,466,692
Other contributed capital	416,382	249,412	665,794
Net cash used in capital and related financing activities	(1,493,653)	(1,126,613)	(2,620,266)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	449,485	2,412	451,897
Interest paid on refunded customer security deposits	(1,387)	(641)	(2,028)
Interdepartmental advances/repayments	35,194	(35,194)	-
Payments to other utilities	(3,179)	-	(3,179)
Repayment of City of Charles Town general fund advances	(10,430)	(2,636)	(13,066)
Net cash provided by (used in) investing activities	469,683	(36,059)	433,624
Net increase in cash and cash equivalents	65,550	120,504	186,054
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	122,781	155,594	278,375
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 188,331	$ 276,098	$ 464,429

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2015

	Water Fund	Sewer Fund	Totals
Operating income	$ 300,883	$ 521,693	$ 822,576
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	823,354	820,130	1,643,484
Decrease (increase) in receivables	9,354	10,234	19,588
Decrease (increase) in accrued revenues	(13,067)	(14,570)	(27,637)
Decrease (increase) in inventory	13,079	(1,198)	11,881
Decrease (increase) in pension deferred outflows	(5,609)	(3,253)	(8,862)
Increase (decrease) in accounts payable	25,923	1,051	26,974
Increase (decrease) in customer deposits	(8,402)	(6,841)	(15,243)
Increase (decrease) in accrued expenses	15,892	3,848	19,740
Increase (decrease) in collective net pension liability	(259,708)	(173,132)	(432,840)
Increase (decrease) in pension deferred inflows	187,821	125,214	313,035
Net cash provided by operating activities	$ 1,089,520	$ 1,283,176	$ 2,372,696

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash investing, capital, and financing transactions:
None

RECONCILIATION OF CASH

Cash per statement of net position	$ 188,331	$ 276,098	$ 464,429
Cash per statement of cash flows	$ 188,331	$ 276,098	$ 464,429

See accompanying notes to financial statements.

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 5,900 water customers and 3,200 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.

The Utility Board is a combined water and sewer utility. For purposes of establishing user rates and charges 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.

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 is capitalized on qualifying construction in process. For assets acquired with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the estimated useful lives of the assets. The Utility Board did not capitalize interest during the year ended June 30, 2015.

The depreciation/amortization of assets acquired under capital leases or in excess of predecessor book value are included in deprecation 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, 2015 includes deposits of $5,553,884 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.

Capacity improvement funds are established by ordinance. The capacity improvement fund is kept apart from all other funds. Withdrawals and disbursements are made for improvements and upgrades to the system that maintain or increase capacity to service customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets (continued)

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.

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, 2015, accounts receivable for the water and sewer funds are $154,256 and $80,082, respectively, net of allowance for doubtful accounts. The Utility Board considers all customer account recievable to be 100% collectible.

Revenue Recognition

The Utility Board's policy is to recognize revenue on the accrual basis. The Utility Board accrues revenue earned but not billed. Revenue accrued but not billed for the water and sewer funds at June 30, 2015 are $279,954 and $178,668, respectively.

Deferred Outflows and Inflows 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 outflows from the refunding of debt will be recognized as interest expense in the appropriate reporting period. Deferred outflows related to the Utility Board's defined benefit pension plan will be recognized based on actuarial determinations.

A deferred inflow of resources represents an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until then. Deferred inflows related to the Utility Board's defined benefit pension plan will be recognized based on actuarial determinations.

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, 2015.

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. For the water and sewer funds, compensated absences at June 30, 2015, amounted to $49,815 and $20,153, respectively.

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 Statement 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/deferred outflows and liabilities/deferred inflows 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 reflected in the financial statements and recorded through applicable "due to/due from" asset and liability accounts.

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS

The Utility Board has implemented the following new accounting pronouncements:

GASB Statement No. 68, *Items Previously Reported as Assets and Liabilities* (Statement 68) clarifies the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement 68 was effective for the Utility Board beginning with its fiscal year ended June 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68,* requires a state or local government employer to recognize a net pension liability measurement as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 and were effective for the Utility Board beginning with its year ended June 30, 2015.

NOTE 3 - CASH

Cash consists of the following accounts and amounts at June 30, 2015:

	Water	Sewer	Total
Petty cash	$ 75	$ 75	$ 150
Operations and maintenance accounts	145,120	210,656	355,776
Security deposit accounts	43,136	65,367	108,503
	$188,331	$ 276,098	$ 464,429

NOTE 4 - CAPITAL ASSETS

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015
Capital Assets Not Depreciated				
Land and land rights	$ 525,800	$ -	$ -	$ 525,800
Construction in progress	990,149	4,177,234	1,143,135	4,024,248
Total Capital Assets Not Depreciated	1,515,949	4,177,234	1,143,135	4,550,048
Capital Assets Depreciated				
Utility plant in service	59,858,998	1,247,502	-	61,106,500
Less accumulated depreciation	(18,531,422)	(1,643,484)	-	(20,174,906)
Net Capital Assets Depreciated	41,327,576	(395,982)	-	40,931,594
Total Capital Assets	$ 42,843,525	$ 3,781,252	$ 1,143,135	$ 45,481,642

NOTE 5 - LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2015:

Bonds Payable - Water Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due Within One Year
1987B	2026	0.00%	$ 141,505	$ -	$ 10,885	$ 130,620	$ 10,885
1988B	2028	0.00%	214,608	-	14,308	200,300	14,308
1989B	2029	0.00%	48,198	-	3,012	45,186	3,012
2002A	2039	5.80%	965,991	-	16,818	949,173	17,793
2002B	2042	0.00%	2,618,180	-	93,507	2,524,673	93,507
2002C	2032	3.85%-5.00%	1,986,153	14,300	83,600	1,916,853	72,450
2003A	2032	5.50%-5.63%	800,000	-	800,000	-	-
2006B	2026	5.00%-5.25%	1,435,000	-	1,435,000	-	-
2009A	2029	3.60%-5.00%	4,600,800	-	332,100	4,268,700	247,050
2010A	2031	2.00%	787,805	-	40,009	747,796	40,815
2010B	2031	2.00%	86,338	-	4,384	81,954	4,474
2013B	2043	4.70%	1,136,500	-	19,000	1,117,500	20,900
2014C	2033	2.50%-4.75%	-	820,000	-	820,000	30,000
2014E	2026	1.50%-3.40%	-	1,425,000	50,000	1,375,000	110,000
Total Bonds Payable			$ 14,821,078	$2,259,300	$ 2,902,623	14,177,755	$ 665,194
				Unamortized Premiums/ Discounts, Net		(7,712)	
						$ 14,170,043	

Maturities of water bonds payable for years succeeding June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	$ 665,194	$ 469,095	$ 1,134,289
2017	687,439	451,439	1,138,878
2018	703,563	431,007	1,134,570
2019	725,965	409,491	1,135,456
2020	748,457	386,529	1,134,986
2021-2025	4,106,734	1,538,917	5,645,651
2026-2030	3,497,814	789,817	4,287,631
2031-2035	1,560,527	333,250	1,893,777
2036-2040	1,030,664	149,805	1,180,469
2041-2043	451,398	28,045	479,443
	$ 14,177,755	$ 4,987,395	$ 19,165,150

Bonds Payable - Sewer Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due Within One Year
1988B	2028	0.00%	$ 113,806	$ -	$ 7,588	$ 106,218	$ 7,588
1998 Design	2019	2.00%	132,259	-	24,136	108,123	24,622
2000A	2021	2.00%	1,336,341	-	166,839	1,169,502	170,202
2002C	2032	3.85%-5.00%	1,183,847	-	40,700	1,143,147	42,550
2006A	2028	5.00%-5.25%	1,435,000	-	1,435,000	-	-
2009A	2028	3.60%-5.00%	1,079,200	-	77,900	1,001,300	57,950
2010C	2041	0.00%	1,124,996	-	41,668	1,083,328	41,668
2010D	2041	0.00%	449,996	-	16,668	433,328	16,668
2011A	2041	0.00%	12,473,624	209,250	6,398,458	6,284,416	250,373
2011B	2032	0.00%	2,000,000	-	2,000,000	-	-
2012A	2039	0.00%	1,493,995	6,005	1,500,000	-	-
2013A	2044	0.50%	394,361	110,640	13,744	491,257	18,405
2013B	2043	4.70%	1,833,500	-	31,000	1,802,500	34,100
2014A	2046	0.50%	202,946	1,974,848	-	2,177,794	31,372
2014D	2028	3.00%-5.00%	-	1,445,000	50,000	1,395,000	85,000
Total Bonds Payable			$ 25,253,871	$3,745,743	$11,803,701	$ 17,195,913	$ 780,498

Maturities of sewer bonds payable for years succeeding June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	$ 780,498	$ 320,214	$ 1,100,712
2017	883,724	338,189	1,221,913
2018	899,351	324,849	1,224,200
2019	913,866	310,946	1,224,812
2020	903,411	293,779	1,197,190
2021-2025	4,038,614	1,176,968	5,215,582
2026-2030	3,653,726	758,323	4,412,049
2031-2035	2,564,699	451,271	3,015,970
2036-2040	2,061,625	285,148	2,346,773
2041-2045	496,399	52,068	548,467
	$ 17,195,913	$ 4,311,755	$ 21,507,668

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, 2015.

NOTE 5 - LONG-TERM DEBT (continued)

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, 2015.

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.	$ 800

Scheduled maturities of the note for the years succeeding June 30, 2015 are estimated as follows:

Year	Principal	Interest	Total
2016	$ 800	$ 5	$ 805
	$ 800	$ 5	$ 805

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.	$ 25,058
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.	3,818
Total	$ 28,876

Scheduled maturities of the notes for the years succeeding June 30, 2015 are estimated as follows:

Year	Principal	Interest	Total
2016	$ 8,597	$ 1,425	$ 10,022
2017	5,080	1,098	6,178
2018	5,399	779	6,178
2019	5,738	440	6,178
2020	4,062	94	4,156
	$ 28,876	$ 3,836	$ 32,712

NOTE 6 - 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, 2015.

		Water Fund	Sewer Fund
Leased Equipment	Expiration	Remaining Minimum (net of interest) Lease Payments	Remaining Minimum (net of interest) Lease Payments
Various utility improvements, equipment, and vehicles	2016-2020		
Total capital leases payable at June 30, 2015		$ 304,206	$ 6,798
Less: Current portion due in upcoming year		(73,079)	-
Long-term capital leases payable at June 30, 2015 (net of current portion)		$ 231,127	$ 6,798

Estimated minimum future lease payments under the capital leases as of June 30, 2015 are as follows:

Water

Year	Principal	Interest	Total
2016	$ 73,079	$ 9,522	$ 82,601
2017	82,525	7,159	89,684
2018	63,854	3,946	67,800
2019	58,477	1,925	60,402
2020	26,271	225	26,496
	$ 304,206	$ 22,777	$ 326,983

Sewer

Year	Principal	Interest	Total
2016	$ 6,798	$ 359	$ 7,157

NOTE 7 - PENSION PLAN

Plan Description

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 WVPERS is included as part of the West Virginia Consolidated Public Retirement Board. The retirement plan is reported as a pension trust fund of West Virginia. The Consolidated Public Retirement Board issues a separate financial report for the pension plan. This report can be viewed at www.wvretirement.com or obtained at 4101 MacCorkle Avenue, S.E., Charleston, WV 25304.

Pension Benefits Provided

The pension plan covers all 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.

The WVPERS plan provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

Contributions

Per Chapter 5, Article 10 of the West Virginia State Code, members contribute 4.5% of annual earnings. The State and non-state governmental employers' contribution rate was 14.0% of covered employees' annual earnings for fiscal year ended June 30, 2015. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the Board.

The employer contributions for the year ended June 30, 2015 were $98,017 and $64,859 for the water and sewer funds, respectively. The employee contributions for the water and sewer funds for the year ended June 30, 2015 were $31,505 and $20,848. Total covered payroll for the year ended June 30, 2015 for the water and sewer funds was $700,121 and $463,279, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, for the water and sewer funds, the Utility Board reported a liability of $177,548 and $118,369, respectively for its proportionate share of the collective net pension liability. The net pension liability, deferred inflow of resources, deferred outflow of resources and pension expense were determined by actuarial valuations as of July 1, 2013 rolled forward to June 30, 2014, which is the measurement date.

For the year ended June 30, 2015, the Utility Board recognized for the water and sewer funds, pension expense of $20,530 and $13,686, respectively. As of June 30, 2015, the Utility Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7 - PENSION PLAN (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

A deferred outflow of resources related to the pension plan results from the Utility Board's contributions subsequent to the measurement date of $98,017 and $64,859 for the water and sewer funds, respectively. Also deferred outflows include differences between employer and plan proportionate share of contributions of $1,002 and $668 for the water and sewer funds, respectively. Total deferred outflows of resources related to the pension plan were $99,019 and $65,627 for the water and sewer funds, respectively.

The deferred inflow of resources related to the pension plan resulted from the net difference between projected and actual investment earnings on pension plan investments of $187,821 and $125,214 for the water and sewer funds, respectively.

The amount reported as deferred outflows of resources related to the pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year ending June 30	Water	Sewer
2016	$(46,621)	$(31,081)
2017	(46,621)	(31,081)
2018	(46,621)	(31,081)
2019	(46,956)	(31,303)
2020	-	-
Thereafter	-	-
	$(186,819)	$(124,546)

Actuarial Assumptions

The June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Investment Rate of Return = 7.5%
Projected Salary Increases = 4.25 - 6%
Inflation = 2.2%

Mortality rate - The mortality rates used were Healthy males - 1983 GAM; Healthy females - 1971 GAM; Disabled males - 1971 GAM; Disabled females - Revenue Ruling 96-7.

The date range in the most recent experience study was 2004 - 2009.

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the defined benefit plan:

NOTE 7 - PENSION PLAN (continued)

Actuarial Assumptions (continued)

US Equity (Russell 3000) 7.6%
International Equity (ACWI ex US) 8.5%
Core Fixed Income 2.9%
High Yield 4.8%
TPS 2.9%
Real Estate 6.8%
Private Equity 9.9%
Hedge Funds 5.0%
Inflation (CPI) 2.2%

Discount Rate - The discount rate used to measure the total pension liability was 7.5% for the defined benefit plan. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of the defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of the plan.

Sensitivity of the Utility Board's proportionate share of the net pension liability to changes in the discount rate - The following presents the Utility Board's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Utility Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50) percent than the current rate:

Sensitivity of the Discount Rate	1% Decrease	Current	1% Increase
Water and sewer fund net pension liability	$ 836,148	$ 295,917	$ (164,417)

NOTE 8 - 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 2015 and certain preceding years which is required under Generally Accepted Accounting Principles.

NOTE 9 - 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 10 - 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 $465,280 and $124,251 for the water and sewer departments, respectively, at June 30, 2015.

NOTE 11 - RESTRICTED NET POSITION

Restricted net position reflects that portion of total net position legally or contractually segregated for a specific future use. The following amounts represent restricted net position at June 30, 2015:

Cash and temporary investments	
Debt service and debt service reserve funds	$2,617,523
Repair and replacement funds	156,837
Capacity improvement funds	1,748,618
Construction funds	566,477
Accrued interest	(133,597)
Total	$4,955,858

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Utility Board is in the construction phase of various water and sewer projects with estimated costs of approximately $14.6 million. Costs incurred through June 30, 2015 amount to approximately $4.0 million. The projects are being financed with the proceeds from bond issuances, grant awards, and internal capacity improvement funds.

NOTE 13 - NET POSITION

The following adjustment was made to net position at July 1, 2014 for the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*:

	Water	Sewer	Total
Net position, as originally stated	$3,270,869	$4,955,198	$8,226,067
Add:			
Deferred outflow of resources-employer retirement contributions made during the year ended June 30, 2014 (the measurement period)	93,410	62,274	155,684
Deduct:			
Net pension liabilities at July 1, 2013	(437,255)	(291,503)	(728,758)
Net position, as restated	$2,927,024	$4,725,969	$7,652,993

Charles Town Utility Board
Required Supplemental Information
SCHEDULE OF THE UTILITY BOARD'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
Last 10 Fiscal Years

	2014
Proportionate share of net pension liability (%)	0.08%
Proportionate share of net pension liability ($)	$ 295,917
Covered-employee payroll	$1,095,816
Proportionate share of net position liability as a % of its covered-employee payroll	25.4%

Note: This data will be presented prospectively until ten years is accumulated.

Charles Town Utility Board
Required Supplemental Information
SCHEDULE OF THE UTILITY BOARD'S PENSION PLAN CONTRIBUTIONS
Last 10 Fiscal Years

	2015
Statutorily required contributions	$ 162,876
Actual contributions to PERS	$ 162,876
Contribution deficiency (excess)	$ -
Utility Board's covered-employee payroll	$1,163,400
Contributions as a percentage of covered-employee payroll	14.0%

Note: This data will be presented prospectively until ten years is accumulated.

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2015

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through ID Number	Federal Expenditures
U. S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the West Virginia Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Funds	66.458	544392/54496	$ 2,300,743
Total Federal Awards Expenditures			**$ 2,300,743**

CHARLES TOWN UTILITY BOARD
JEFERRSON COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2015

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.

PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
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 23, 2016

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, 2015, 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 23, 2016 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, 2015, and wherein we noted the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27" and Governmental Accounting Standards Board Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

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.

Internal Control Over Financial Reporting (Continued)

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.

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

PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
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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 23, 2016

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, 2015. 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.

Auditor's Responsibility (Continued)

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.

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, 2015.

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.

Report on Internal Control Over Compliance (Continued)

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
JEFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2015

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 2015-001

Material Weakness

OPEB Liability

The Utility Board has elected not to record the 2015 OPEB expense that, 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 $22,912, and net position would decrease by $22,912 as of June 30, 2015. Additionally, expenses would increase by $22,912 for the year ending June 30, 2015. In addition the Utility Board has elected not to record previous periods OPEB expense that, 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 $676,903 as of June 30, 2015.

CHARLES TOWN UTILITY BOARD
JEFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2015-001 (CONTINUED)

OPEB Liability (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, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2014-001	OPEB Liability	No	Repeated as Finding 2015-001

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF STEPTOE & JOHNSON]
(Form of Opinion of Bond Counsel)

August _____, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews and Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance, sale, and the initial delivery on the date hereof, by the City of Charles Town, West Virginia (the "Issuer") of its $_____ aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds").

The Series 2016 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 July 18, 2016, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August _____, 2016 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Ordinance.

The Series 2016 B Bonds are issued in fully registered form, are dated August _____, 2016, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1 commencing December 1, 2016, all as set forth in the Ordinance.

The Ordinance provides that the Series 2016 B Bonds are issued for the purpose of: (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of

a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs.

The Series 2016 B Bonds have been sold to Crews and Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated August _____, 2016 (the "Bond Purchase Agreement"), accepted by the Issuer.

In connection with our engagement as Bond Counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion. 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 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 and have relied upon, and have assumed, due compliance with the provisions of, the proceedings and other documents.

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 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 and political subdivision 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 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 2016 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 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 2016 B Bonds; and has issued and delivered the Series 2016 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 (where applicable), 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 2016 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: (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"); (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"); (20) 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"); (21) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated November 19, 2015, issued in the original aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and (22) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A (Tax-Exempt), dated March 17, 2016, issued in the original aggregate principal amount of $7,695,000 (the "Series 2016 A Bonds") (collectively, the "Prior Bonds"). The Series 2016 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. We have examined the executed and authenticated Series 2016 B Bonds of said issue, and in our opinion, said Series 2016 B Bonds are in proper form and have been duly executed and authenticated.

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 2016 B Bonds is excluded from the 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; *provided, that* the interest on the Series 2016 B Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations. Ownership of tax-exempt obligations, including the Series 2016 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 2016 B Bonds. Prospective purchasers of the Series 2016 B Bonds should consult their own tax advisors as to such consequences.

The opinions set forth in this paragraph 6 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 the Treasury Regulations promulgated thereunder (collectively, the *"Code"*) that must be satisfied in order for interest on the Series 2016 B Bonds 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 2016 B Bonds set forth in the Ordinance, the Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2016 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2016 B Bonds.

7. Under the Act, the Series 2016 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 2016 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 2016 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2016 B Bonds and the enforceability of the Series 2016 B Bonds, the Ordinance, 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 2016 B Bonds.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

This opinion is intended solely for the benefit of the addressees and may not be relied upon by any other person or entity without, in each such case, our express written consent.

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 an ordinance enacted by the Council of the City on July 5, 2016, as supplemented by a Supplemental Parameters Resolution adopted by the Council of the City on July 18, 2016 and a Certificate of Determination executed by the Mayor on _____, 2016 (collectively, the "Ordinance"), the City authorized the issuance of its $3,895,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"). The Series 2016 B Bonds were sold pursuant to the terms of a Bond Purchase Agreement dated _____, 2016, by and between the Crews & Associates, Inc. (the "Underwriter") and the City (the "Purchase Agreement").

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-l2.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance 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 of the City which include the System or if the System is not included in the City's Audited Financial Statements, the Audited Financial Statements of the System and the City, for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the City and 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, 2016, 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 City[1];

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.

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[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) If a Dissemination Agent is appointed, such 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 such 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 any appointed 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 either filed by the City on EMMA or 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 Ordinance, 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 _____, 2016.

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: $3,895,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt)

Date of Issuance: _____, 2016

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, 2015 for Illustrative Purposes Only)

Name of Issuer:	City of Charles Town (West Virginia)
Name of Issue:	$3,895,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt)
Date of Issuance:	_____, 2016
Operating Data For Fiscal Year Ending:	June 30, 2015

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, 2015 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, 2015

	Customers At Year End	Population Served
Charles Town	2,444	6,281
Ranson	1,100	2,871
Jefferson County	1,804	4,780
Total	5,348	13,932

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)
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083
2015	5,896	3,233

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted) for the past five Fiscal Years

Fiscal Year (June 30)	Residential & Commercial	Other	Total
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
2015	369,152	996	370,148

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

FORM OF ORDINANCE

CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B
(TAX EXEMPT)

BOND ORDINANCE

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CITY OF CHARLES TOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE certificate AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System, consisting of (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer;

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

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the sewerage portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"), such Series 2016 B Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 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 AND FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 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 of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2016 B Bonds shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser relating to the sale and purchase of the Series 2016 B Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2016 B Bonds.

"Bond Year" means with respect to each series of the Series 2016 B Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2016 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, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 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, where appropriate, the Council, and any successor thereto.

"City Council" or "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.

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

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

"Consulting Engineers" means Rummel, Klepper & Kahl, LLP, Keyser, West Virginia, or any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Continuing Disclosure Certificate" means the agreement delivered by the Issuer to disseminate annual financial information and material event disclosures as required by Rule 15c2-12.

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

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

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

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

"DTC-eligible" means, with respect to the Series 2016 B Bonds, meeting the qualifications prescribed by DTC.

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, and all other items of income which have been established as reasonably anticipated annual income 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 Certified Public Accountant" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time

hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

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

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

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2016 B Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2016 B Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2016 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 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 the investment of proceeds of the Series 2016 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2016 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2016 B Bonds.

"Official Statement" means a document or set of documents prepared by an issuer of municipal securities or its representatives setting forth, among other matters, information concerning the Issuer of such municipal securities and the proposed issue of securities that is complete as of the date of delivery of the document or set of documents to the Original Purchaser.

"Operating Expenses" unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 B Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2016 B Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 hereof; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2016 B 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 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds.

"Prior Ordinances" means, collectively, the ordinance 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.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances.

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 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 2016 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 2016 B Bonds are privately placed, the price paid by the first buyer of the Series 2016 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 2016 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 2016 B Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2016 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 any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2016 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 1986 as amended.

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

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

"Rule 15c2-12" means Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

"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 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, dated November 19, 2015, issued in the aggregate principal amount of $2,750,000.

"Series 2015 B Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, dated November 19, 2015, issued in the aggregate principal amount of $4,355,000.

"Series 2016 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A, dated March 8, 2016, issued in the aggregate principal amount of $7,695,000.

"Series 2016 B Bonds Construction Fund" means the Series 2016 B Bonds Construction Fund created by Section 4.01 hereof.

"Series 2016 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2016 B Bonds Costs of Issuance Fund" means the Series 2016 B Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2016 B Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2016 B Bonds Reserve Account" means the Series 2016 B Bonds Reserve Account created in the Series 2016 B Bonds Sinking Fund by Section 4.02 hereof.

"Series 2016 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 B Bonds, (ii) Maximum Annual Debt

Service at the time of original issuance of the Series 2016 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 B Bonds.

"Series 2016 B Bonds Sinking Fund" means the Series 2016 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2016 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 or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Original Purchaser, Bond Purchase Agreement, Bond Insurer provisions (if any) and other terms of the Series 2016 B Bonds and authorizing the sale of the Series 2016 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 or the Series 2016 B Bonds.

"System" means the complete existing combined municipal waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Project 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.

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2016 B Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

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

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

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

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

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

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

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the Issuer, that there be acquired and constructed certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the Project, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt), in the aggregate principal amount of not more than $5,000,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 B Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2016 B Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2016 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 (the "Bond Purchase Agreement"), as shall be approved by the Supplemental Resolution of the Issuer.

F. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2016 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");

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");

20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, dated November 19, 2015, issued in the aggregate principal amount of $2,750,000 (the "Series 2015 A Bonds");

21. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, dated November 19, 2015, issued in the aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and

22. Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A, dated March 17, 2016, issued in the aggregate principal amount of $7,695,000 (the "Series 2016 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A 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".

Prior to the issuance of the Series 2016 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 of the Registered Owners of the Prior Bonds to the issuance of the Series 2016 B Bonds on a parity with such Prior Bonds if required by the Prior Ordinances. The Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds do not require written 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 intends to issue the Series 2016 B Bonds and to pledge for payment thereof, the Gross Revenues of the System, on a parity with each other and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2016 B Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2016 B Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance and the Prior Ordinances.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2016 B Bonds, and secure the Series 2016 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2016 B Bonds Reserve Account, unexpended proceeds of the Series 2016 B Bonds and as further set forth herein.

J. The Series 2016 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 2016 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 2016 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 2016 B Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 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 authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2016 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 2016 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 Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $5,000,000. The proceeds of the Series 2016 B Bonds hereby authorized shall be applied as provided herein. The Series 2016 B Bonds are hereby authorized, to be issued in one or more series, in the aggregate principal amount of not more than $5,000,000.

ARTICLE III

THE SERIES 2016 B BONDS

Section 3.01. Form and Payment of Bonds. No Series 2016 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 B Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2016 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 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 2016 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 2016 B Bonds shall be in default, Bonds issued in exchange for Series 2016 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 2016 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 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 2016 B Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2016 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 2016 B Bonds are redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2016 B Bond in the principal amount of said Series 2016 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2016 B Bonds shall be executed in the name of the Issuer by the Mayor, by his manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2016 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 2016 B Bonds shall be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2016 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 Series 2016 B Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2016 B BONDS attached hereto and incorporated herein by reference with respect to the Series 2016 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2016 B Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2016 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 2016 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2016 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, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2016 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 B Bonds. The Series 2016 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 2016 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 2016 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 2016 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 B Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2016 B Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 B 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 2016 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2016 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 destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2016 B Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2016 B Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2016 B Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2016 B Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2016 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.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2016 B Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2016 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2016 B 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 2016 B Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2016 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice.

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

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

If funds sufficient to redeem all Series 2016 B Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2016 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2016 B Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2016 B Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2016 B 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 2016 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 or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2016 B Bonds. For the purposes of paying a portion of the costs of acquisition and construction of improvements and betterments to the sewerage portion of the System, paying capitalized interest, if any, funding the Series 2016 B Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2016 B Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $5,000,000. Said Series 2016 B Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 B Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2016 B Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $5,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 6%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 30 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2016 B Bonds. A. The Series 2016 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2016 B Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2016 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided, that if DTC shall request that the Series 2016 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2016 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2016 B Bond or any other evidence of ownership of the Series 2016 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2016 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2016 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2016 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2016 B Bonds shall be made to DTC or its nominee at the addresses set forth in the

Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2016 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2016 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2016 B Bonds so redeemed, but DTC may retain such Series 2016 B Bonds and make an appropriate notation on the Series 2016 B Bonds certificate as to the amount of such partial redemption; provided, that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2016 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2016 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2016 B Bonds, selecting the Series 2016 B Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2016 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2016 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2016 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2016 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2016 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2016 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2016 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2016 B Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2016 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2016 B Bonds.

Section 3.12. Delivery of Series 2016 B Bonds. The Issuer shall execute and deliver the Series 2016 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 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 2016 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 2016 B Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2016 B Bonds by Bond Counsel; and

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

Section 3.13. Form of Series 2016 B Bonds. The definitive Series 2016 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 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 2016 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 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 2016 B Bonds. Upon the issuance and delivery of the Series 2016 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued, if any, on the Series 2016 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2016 B Bonds Sinking Fund and applied to payment of interest on the Series 2016 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2016 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 2016 B Bonds Reserve Account; provided, that to the extent the Series 2016 B Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2016 B Bonds shall be deposited in the Series 2016 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 B Bonds Reserve Requirement.

3. The amount of Series 2016 B Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 B Bonds shall be deposited with the Depository Bank in the Series 2016 B Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 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 2016 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 B Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 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 2016 B Bonds from which such proceeds are derived.

4. The balance of Series 2016 B Bonds proceeds, if any, shall be deposited in the Series 2016 B Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2016 B Bonds Construction Fund. Disbursements from the Series 2016 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2016 B Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2016 B Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by 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 (except as set forth in this Section 4.01), 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) Rebate Fund (established by Prior Ordinances); and

(5) Series 2016 B Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued if established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(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 2010 A Bonds Sinking Fund (established by Prior Ordinances);

(18) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);

(19) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);

(20) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);

(21) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);

(22) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);

(23) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);

(24) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);

(25) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);

(27) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);

(28) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);

(29) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);

(30) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);

(31) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);

(32) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);

(33) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);

(34) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);

(35) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);

(36) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);

(37) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);

(38) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);

(39) Series 2015 A Bonds Sinking Fund (established by Prior Ordinances);

(40) Series 2015 A Bonds Reserve Account (established by Prior Ordinances);

(41) Series 2015 B Bonds Sinking Fund (established by Prior Ordinances);

(42) Series 2015 B Bonds Reserve Account (established by Prior Ordinances);

(43) Series 2016 A Bonds Sinking Fund (established by Prior Ordinances);

(44) Series 2016 A Bonds Reserve Account (established by Prior Ordinances);

(45) Series 2016 B Bonds Sinking Fund; and

(46) Series 2016 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 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, each month on or before the due date, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required to be paid by Prior Ordinances for the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 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 2016 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2016 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 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 Commission (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) for deposit in the Series 2016 B Bonds Sinking Fund (and in the Series 2016 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2016 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2016 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2016 B Bonds on the next ensuing principal payment or mandatory Redemption Date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 B Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2016 B Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2016 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the respective Prior Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2016 B Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2016 B Bonds, for deposit in the Series 2016 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 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 2016 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2016 B Bonds Reserve Account, as a result of a decrease in value of the Series 2016 B Bonds Reserve Account below the Series 2016 B Bonds Reserve Account Requirement or any withdrawal from the Series 2016 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2016 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 B Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 B Bonds Reserve Account is less than the Series 2016 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 B Bonds Reserve Account for deposit into the Series 2016 B Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 B Bonds Reserve Account to an amount equal to the Series 2016 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available;

provided, however, that if the shortfall in the Series 2016 B Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 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 2016 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2016 Reserve Account Requirement.

Amounts in the Series 2016 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2016 B Bonds when due, when amounts in the Series 2016 B Bonds Sinking Fund are insufficient therefor 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) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2016 B Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2016 B Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2016 B Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE

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

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

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

(A) Qualified Investments acquired for the Series 2016 B Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2016 B Bonds Reserve Account to the Series 2016 B Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2016 B Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2016 B Bonds Reserve Account an amount at least equal to the Series 2016 B Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2016 B Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2016 B Bonds Reserve Account shall, at any time, be less than the applicable Series 2016 B Bonds 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 Sinking Fund and otherwise in accordance with Section 4.03.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2016 B Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2016 B Bonds 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. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser, the form of which shall be approved by the Supplemental Resolution, sufficient to ensure compliance with Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and Clerk to take all actions necessary for the Issuer to comply with the continuing disclosure certificate.

Section 5.03. Arbitrage and Tax Exemption. The Issuer covenants 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 2016 B Bonds which would cause the Series 2016 B 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 implied limitation, the timely filing of a federal information return with respect to the Series 2016 B Bonds) so that the interest on the Series 2016 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 5.04. 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 Bond 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 2016 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 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.

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 2016 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 2016 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 2016 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 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 monies in the Series 2016 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2016 B Bonds or money in the Series 2016 B Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2016 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2016 B Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2016 B Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2016 B Bonds, all monies and securities in the Series 2016 B Bonds Sinking Fund, including the Series 2016 B Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2016 B Bonds herein authorized, to make the payments into the Series 2016 B Bonds Sinking Fund, all monies and securities in the Series 2016 B Bonds Sinking Fund, the Series 2016 B Bonds Reserve Account 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 2016 B Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted on March 2, 2015 and the sewer rate ordinance of the Issuer enacted March 21, 2016, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2016 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance and in compliance with this Ordinance. In the event the schedule of rates and charges initially established for the System in connection with the Series 2016 B Bonds shall prove to be insufficient to produce the required sums set forth in this Ordinance, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance.

Prior to the issuance of the Series 2016 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 City 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 (a) so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 B Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2016 B Bonds including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 90 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2016 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 defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2016 B Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Gross Revenues of the System.

The foregoing provision notwithstanding, the Issuer 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 may provide for the sale of such property. 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 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 not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund.

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 any applicable Bond Insurer, if any, and the Holders, or their duly authorized representatives, of 51% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer, if any, and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues with the Series 2016 B Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Series 2016 B 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 2016 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 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 on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable.

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition and 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 to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2016 B Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Ordinance then Outstanding; and

(3) The additional Parity Bonds then proposed to be issued.

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

The Net Revenues actually derived from the System during the 12 consecutive month period herein above 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 Certified Public 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 has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and

their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. 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 Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens 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, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Provided, however, that if the most recent audit by an independent certified public accountant for the Issuer states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Ordinance for the year being audited and the Issuer has, as required by Section 6.04, sought a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the Issuer from issuing additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2016 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 rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

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

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

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

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

C. 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 Jefferson County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the 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, member and employee of the Issuer or the Governing Body 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.

The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event 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 6.11. Enforcement of Collections. The Issuer 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 further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System 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 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The 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 Series 2016 B Bond, 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 Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Series 2016 B Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

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

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and

found to be a hazard to the health, safety, comfort and welfare of the residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 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 2016 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may obtain a Municipal Bond Insurance Policy for the Series 2016 B Bonds. In the event such Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2016 B Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 B Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.18. 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 2016 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 the Series 2016 B Bonds during the term thereof is, under the terms of the Series 2016 B 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) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2016 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 2016 B Bonds during the term thereof is, under the terms of the Series 2016 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 2016 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2016 B Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2016 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 2016 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2016 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 2016 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 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2016 B Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Certificate in such form as may be approved by the Supplemental Resolution, and the Mayor are authorized and directed to execute and deliver such Continuing Disclosure Certificate on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of such Certificate by the Mayor.

Section 6.20 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2016 B Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2016 B Bonds and as the Mayor may approve (the "Official Statement"). The execution of the Official Statement by the Mayor shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

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 2016 B Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2016 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

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

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

(C) Bring suit upon the Series 2016 B Bonds, as applicable;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

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

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

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2016 B Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2016 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, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2016 B Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2016 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The

Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2016 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2016 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2016 B Bonds, the first exchange of Series 2016 B Bonds and the exchange of Series 2016 B Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2016 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 Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2016 B Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2016 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 Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately; provided, that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2016 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument; provided, that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2016 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2016 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 Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2016 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 monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2016 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, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2016 B Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2016 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 monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to

redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2016 B Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2016 B Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer; provided, that in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2016 B Bonds then Outstanding and affected thereby and the Bond Insurer, if any, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2016 B Bonds required for consent to any such modification or amendment.

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

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of

such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

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

C. The amount of fully registered Series 2016 B Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2016 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 Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

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

Section 10.04. Cancellation of Bonds. All Series 2016 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 Bonds shall be deemed Outstanding under this Ordinance and no Series 2016 B Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2016 B Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer, if any, 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:

ISSUER
City of Charles Town
P.O. Box 14
Charles Town, West Virginia 25414
Attention: Mayor

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

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attn: Executive Director

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

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

BOND INSURER
[Name(s) and address(es) to be set forth in the Supplemental Resolution, if any]

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

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

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2016 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 Holders of the Series 2016 B Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 B Bonds, the Bond Insurer, if any, and the Original Purchaser.

Section 10.10. Reserved

Section 10.11. 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 10.12. Table of Contents and Headlines. 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 10.13. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Spirit of Jefferson Advocate*, a newspaper of general circulation in the City of Charles Town, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2016 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

First Reading:	May 16, 2016
Second Reading:	June 6, 2016
Effective following Public Hearing held on:	July 18, 2016

CITY OF CHARLES TOWN

_____

Mayor

SEAL

ATTEST:

_____

City Clerk

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of the CITY OF CHARLES TOWN at a regular meeting of the City Council held on July 18, 2016.

[SEAL]

_____

City Clerk

EXHIBIT A – FORM OF SERIES 2016 B BONDS

[DTC Legend]

No. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2016 B (TAX EXEMPT)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2016 B Bonds, and (iii) to pay certain costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2016, and supplemented by a supplemental resolution adopted by said Council on _____, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

[The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer]___.]

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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, 1SSUED 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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____ Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____ Year (1)	Principal Amount

_____
* Final Maturity

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

_____]
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: _____, 2016.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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

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 2016 B Bonds. The Series 2016 B 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 2016 B Bond certificate will be issued for each maturity of the Series 2016 B 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 2016 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 B 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 2016 B 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 2016 B Bonds, except in the event that use of the book-entry system for the Series 2016 B Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2016 B 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 2016 B 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 2016 B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 B 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 2016 B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 B Bonds documents. For example, Beneficial Owners of Series 2016 B Bonds may wish to ascertain that the nominee holding the Series 2016 B 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 2016 B 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 2016 B 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 2016 B 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 2016 B 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 2016 B Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2016 B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 B Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2016 B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 B 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 2016 B 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 2016 B 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 2016 B 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 Revenues as principal of and interest on the Series 2016 B Bonds on a parity with the Prior Bonds.

Fiscal Year	Parity Debt	Series 2016 A	Series 2016 B	Total
2017	$ 2,115,135	$ 399,368	$ -	$ 2,514,503
2018	2,142,852	428,631	-	2,571,483
2019	2,149,743	430,431	-	2,580,175
2020	2,120,967	432,791	-	2,553,758
2021	2,120,412	429,731	-	2,550,143
2022	2,013,061	431,331	-	2,444,392
2023	1,927,050	432,569	-	2,359,618
2024	1,923,593	428,429	-	2,352,022
2025	1,911,428	429,019	-	2,340,446
2026	1,913,079	428,469	-	2,341,548
2027	1,759,914	432,769	-	2,192,683
2028	1,597,175	429,769	-	2,026,944
2029	1,455,894	431,569	-	1,887,462
2030	1,167,146	432,969	-	1,600,115
2031	1,149,760	432,844	-	1,582,604
2032	1,099,550	432,269	-	1,531,818
2033	1,105,383	431,244	-	1,536,627
2034	830,241	429,769	-	1,260,010
2035	829,392	432,844	-	1,262,236
2036	828,284	430,244	-	1,258,528
2037	826,914	432,194	-	1,259,108
2038	830,035	431,519	-	1,261,554
2039	827,645	430,494	-	1,258,138
2040	829,850	429,119	-	1,258,969
2041	755,920	432,394	-	1,188,314
2042	448,738	430,144	-	878,881
2043	356,222	432,094	-	788,315
2044	351,813	428,500	-	780,313
2045	151,098	429,544	-	580,641
2046	109,337	430,044	-	539,381
	$37,647,628	$12,893,100	$0	$50,540,728

APPENDIX I

BOND INSURANCE

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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("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 March 31, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.0 million, $41.6 million and $433.4 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/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles 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 Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles 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 Credit Profiles 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 Credit Profiles 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



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.

PREVIEW

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: ISSUER_NAME, STATE_NAME

Policy No: @@POLICY_NO@@

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date: @@CLOSING_DATE@@

BONDS: $_____ in aggregate principal amount of ISSUE_NAME, SERIES

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

Maximum Policy Limit: $@@DSRF_POLICY_LIMIT@@

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.

SPECIMEN

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.

SPECIMEN

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:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN

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:

SPECIMEN

NEW ISSUE – BOOK ENTRY ONLY RATING: Standard & Poor's: Insured "AA"

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing law and assuming continuing compliance with various requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2016 B Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to the Code and 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. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2016 B Bonds and the interest thereon are exempt from taxation by the State of West Virginia. The above opinions are subject to certain limitations and exceptions. See "TAX MATTERS" herein.

$3,895,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016 B (TAX-EXEMPT)

Dated: Date of Delivery Due: As shown on inside cover.

The City of Charles Town's (the "City") Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B 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 2016 B 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 2016 B Bonds will be in book-entry form only. Semiannual interest on the Series 2016 B Bonds is payable each June 1 and December 1, beginning December 1, 2016. So long as the Series 2016 B Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2016 B Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Ordinance (defined herein), and any Supplemental Resolution (defined herein), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2016 B Bonds. See "THE SERIES 2016 B BONDS" herein and "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

The proceeds of the Series 2016 B Bonds shall be used to: (i) finance the costs of the acquisition and construction of certain additions, betterments and improvements, more specifically described herein (collectively, the "Project"), to the existing combined potable waterworks and sanitary sewerage system of the City; (ii) capitalize interest on the Series 2016 B Bonds to and including June 1, 2017; (iii) fund the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) pay costs of issuance of the Series 2016 B Bonds and related costs.

The scheduled payment of principal of and interest on the Series 2016 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2016 B Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. For a description of the Policy 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 2016 B Bonds are payable from and secured by the Gross Revenues (as defined herein) derived from the combined potable waterworks and sanitary sewerage system of the City and any extensions, improvements and betterments thereto, specifically including with respect to the Series 2016 B Bonds Reserve Account, but not limited to, the Project (collectively, the "System"), on parity with the outstanding Prior Bonds (defined herein) and from funds on deposit in, or the Series 2016 B Reserve Policy pledged to, the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account therein, all as more fully described herein. The Series 2016 B 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 2016 B Bonds, except from the Gross Revenues of the System and such funds on deposit. No Owner or Owners of the Series 2016 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2016 B Bonds or the interest thereon.

The Series 2016 B Bonds are subject to optional 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 2016 B 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 Charles Town Utility Board (the "Board"), will pass on certain matters for the Board. Steptoe & Johnson PLLC, Charleston, West Virginia, special counsel to the City, will pass on certain matters for the City. Compass Municipal Advisors, LLC, Lexington, Kentucky, is serving as independent municipal advisor to 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 2016 B Bonds will be available for delivery through the facilities of DTC on or about August 18, 2016.

Dated: August 4, 2016



$3,895,000

CITY OF CHARLES TOWN (WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS

SERIES 2016 B (TAX-EXEMPT)

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

TERM BONDS

$55,000	**1.500% Term Bonds Due June 1, 2021 at**	**100.000%**	**CUSIP: 160028 FH4****
$180,000	**2.000% Term Bonds Due June 1, 2023 at**	**100.000%**	**CUSIP: 160028 FJ0****
$100,000	**2.150% Term Bonds Due June 1, 2025 at**	**100.000%**	**CUSIP: 160028 FK7****
$115,000	**4.000% Term Bonds Due June 1, 2027* at**	**115.291%**	**CUSIP: 160028 FL5****
$510,000	**4.000% Term Bonds Due June 1, 2031* at**	**112.577%**	**CUSIP: 160028 FM3****
$820,000	**4.000% Term Bonds Due June 1, 2036* at**	**110.296%**	**CUSIP: 160028 FN1****
$980,000	**3.000% Term Bonds Due June 1, 2041 at**	**98.788%**	**CUSIP: 160028 FP6****
$1,135,000	**3.000% Term Bonds Due June 1, 2046 at**	**98.061%**	**CUSIP: 160028 FQ4****

* Priced to optional par call date of June 1, 2026.

** 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 2016 B Bonds only at the time of issuance of the Series 2016 B 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 2016 B Bonds.

CITY OF CHARLES TOWN, WEST VIRGINIA

Peggy A. Smith, Mayor

CITY COUNCIL

Jonathan Wertman
Chester A. Hines
Nick Zaglifa
Michael Tolbert
Bob Trainer
Ann Paonessa
Sandra Slusher McDonald
Michael George

CITY MANAGER
Dave Mills

CITY CLERK
Dave Mills

CHARLES TOWN UTILITY BOARD

David Mills, Chairman
Charles W. Kline
Pete Kubic
Kristen Stolipher
Thomas W. Stocks

UTILITY MANAGER

Jane E. Arnett, CPA

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

PAYING AGENT

West Virginia Municipal Bond Commission
Charleston, West Virginia

UNDERWRITER

Crews & Associates, Inc.
Charleston, West Virginia

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC
Lexington, Kentucky

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 2016 B 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 2016 B 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, and the Series 2016 B Reserve Policy pledged to, the Sinking Fund for the Series 2016 B Bonds and the Reserve Account for the Series 2016 B Bonds therein, and the unexpended proceeds of the Series 2016 B Bonds. No Holder or Holders of the Series 2016 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2016 B Bonds or the interest thereon.

Bond Insurance Policy

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2016 B Bonds or the advisability of investing in the Series 2016 B 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, "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 2016 B 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 2016 B 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

$3,895,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX-EXEMPT)

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" or the "Issuer"), the City's combined potable waterworks and sanitary sewerage system, as presently existing and as hereafter extended, improved and constructed, specifically including, but not limited to, the Project, and as more fully described in "APPENDIX B – THE SYSTEM" (collectively, the "System"), and the City's $3,895,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"). The Series 2016 B Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia of 1931, as amended (the "Act"), and an Ordinance enacted by the City Council of the City on July 18, 2016 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 18, 2016 (the "Supplemental Parameters Resolution"), and a Certificate of Determinations executed by the Mayor on August 4, 2016 (the "Certificate of Determinations," and, collectively with the Original Ordinance and the Supplemental Parameters Resolution, the "Ordinance"). See "APPENDIX F – FORM OF ORDINANCE" attached hereto.

The City plans to acquire, construct and operate extensions, additions, betterments and improvements for the System, consisting of (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System").

The proceeds of the Series 2016 B Bonds shall be used to: (i) finance the costs of the Project; (ii) capitalize interest on the Series 2016 B Bonds to and including June 1, 2017; (iii) fund the Series 2016 B Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) pay costs of issuance of the Series 2016 B Bonds and related costs.

The City will have outstanding the following bonds which will rank on a parity with the Series 2016 B 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");

(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");

(20) 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");

(21) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated November 19, 2015, issued in the original aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and

(22) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A (Tax-Exempt), dated March 17, 2016, issued in the original aggregate principal amount of $7,695,000 (the "Series 2016 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds, as supplemented, are herein collectively referred to as the "Prior Ordinances." As of June 30, 2016, the Prior Bonds were outstanding in the aggregate principal amount of $39,011,332.

The Series 2016 B 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, and with respect to the Series 2016 B Bonds Reserve Account, the Series 2016 B Reserve Policy pledged thereto, the Sinking Fund for the Series 2016 B Bonds and the Reserve Account 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 2016 B Bonds and the Prior Bonds which shall remain in place until payment in full of the principal of and interest on the Series 2016 B Bonds and the Prior Bonds. The Series 2016 B 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 2016 B Bonds or premium, if any, or the interest thereon except as provided above. See "SECURITY FOR THE SERIES 2016 B BONDS" herein. Additionally, the payment of the principal of and interest on the Series 2016 B Bonds when due is guaranteed under the Series 2016 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, 2016, the loan balances were $455,100 and $121,615 for the water and sewer departments, respectively.

The City has a privately placed bank loan with Branch Banking & Trust Company payable from revenues of the System which is not secured by Gross Revenues of the System but is evidenced by a promissory note and secured by a deed of trust. The note was issued in the original principal amount of $71,000, was outstanding as of June 30, 2016 in the aggregate principal amount of $20,190, 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 Ordinance, the City has covenanted and agreed to fix and establish, in the 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 2016 B Bonds, and all obligations issued on a parity with the Series 2016 B Bonds, including the Prior Bonds and any hereinafter issued additional Parity Bonds.

See "SECURITY FOR THE SERIES 2016 B BONDS – Rate Covenant" herein and "APPENDIX F – FORM OF ORDINANCE" attached hereto.

The audited financial statements of the Charles Town Utility Board as of and for the twelve-month period ended June 30, 2015 included a note that the debt service coverage ratio requirement for the System was met. Contemporaneously with the closing of the issuance of the Series 2016 B Bonds, an Independent Accountant will certify that the City met the debt service coverage ratio requirement for the System for the fiscal year ending June 30, 2016. See "SECURITY FOR THE SERIES 2016 B BONDS – Rate Covenant" herein.

The Series 2016 B 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 2016 B BONDS" herein. The Series 2016 B Bonds initially will be maintained under a book-entry system. So long as the Series 2016 B 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 2016 B 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 2016 B 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 2016 B BONDS – General" herein and "APPENDIX F – FORM OF ORDINANCE attached hereto.

For a description of the exclusion of interest on the Series 2016 B Bonds from gross income for federal income tax purposes and the exclusion of interest on the Series 2016 B 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 2016 B Bonds for the purposes 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 2016 B Bonds issued pursuant to the Ordinance, or refunding the Prior Bonds or any hereinafter issued additional Parity Bonds, paying claims which may exist against the revenues or facilities of the System, or all such purposes, subject in each case to certain tests and conditions provided for by the Ordinance. See "SECURITY FOR THE SERIES 2016 B BONDS – Additional Parity Bonds" herein and "APPENDIX F – FORM OF ORDINANCE" attached hereto.

Brief descriptions of the Series 2016 B Bonds, the System, the Project, the City and certain provisions of the Ordinance and the Act are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2016 B Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the City or, during the period of offering the Series 2016 B Bonds, from the Underwriter.

FINANCING PLAN

The Project

The Series 2016 B Bonds are being issued to provide moneys for the City to acquire, construct and equip extensions, additions, betterments and improvements for the System, consisting of (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new

replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances (collectively, the "Project"). The Issuer opened bids for the Project on July 13, 2016; expects to award contracts on or about the Closing Date; and expects the Project to be completed by June 1, 2017.

The proceeds of the Series 2016 B Bonds shall be used, together with other available funds, to: (i) finance the costs of the Project; (ii) capitalize interest on the Series 2016 B Bonds to and including June 1, 2017; (iii) fund the Series 2016 B Bonds Reserve Account with the purchase of the Series 2016 B Reserve Policy from the Bond Insurer; (iv) pay the premium for the Series 2016 B Insurance Policy through the Bond Insurer; and (v) pay the costs of issuance of the Series 2016 B Bonds and related costs.

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2016 B Bonds	$3,895,000.00
Net Original Issue Premium	132,269.30
Total Sources	$4,027,269.30
Uses of Funds:	
Deposit to Series 2016 B Bonds Construction Fund	$3,735,730.63
Capitalized Interest	100,484.65
Costs of Issuance (1)	191,054.02
Total Uses	$4,027,269.30

(1) Includes legal and financing fees, bond counsel fees, underwriter's discount, underwriter's counsel fees, registrar's fee, rounding amount, rating agency fee, municipal advisor fee, insurance and surety premiums, and other miscellaneous expenses relating to the issuance of the Series 2016 B Bonds.

THE SERIES 2016 B BONDS

General

The Series 2016 B 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 2016 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 2016 B Bonds shall be in default, Series 2016 B Bonds issued in exchange for a Series 2016 B Bond surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 B Bond surrendered. The Series 2016 B Bonds will bear interest from their date of delivery, payable semiannually on each June 1 and December 1, commencing December 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 2016 B 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 2016 B 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 2016 B 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 2016 B Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2016 B Bonds and payments of principal of, redemption price if any, and interest on the Series 2016 B 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 2016 B 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 2016 B Bonds will be payable to the owner thereof upon surrender thereof at the office of the Paying Agent.

Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

Notice of Redemption

At any other time, notice to the Registered Owner 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 2016 B 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 2016 B Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinance described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2016 B 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 2016 B BONDS

The Series 2016 B 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 2016 B Bonds except from said sources.

Bond Insurance

The payment of the principal of and interest on the Series 2016 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2016 B Bonds by Build America Mutual Assurance Company. Information with respect to the Bond Insurer and the Series 2016 B Insurance Policy is set forth in "APPENDIX I – BOND INSURANCE" and "APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Sources of Payment

The payment of the debt service on the Series 2016 B 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 and any additional Parity Bonds hereinafter issued. 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 2016 B Bonds is also secured by the funds on deposit in, and/or the Series 2016 B Reserve policy (as hereinafter defined) pledged to, the Sinking Fund for the Series 2016 B Bonds, including the Reserve Account therein. See "APPENDIX H – ANNUAL DEBT SERVICE" 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 and the Series 2016 B Bonds, (2) to make the payments into the Reserve Accounts for the Prior Bonds and the Series 2016 B Bonds, and (3) to make all other payments provided for in the Ordinance, are irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2016 B Bonds as the same become due and for the other purposes provided in the Ordinance. See "APPENDIX F – FORM OF ORDINANCE" attached hereto.

Rate Covenant

The City has covenanted and agreed in the Ordinance to fix and establish, in a manner and form required by law, rates and charges for the use of the System, sufficient (together with other revenues of the System) (i) to provide for all Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the Maximum Annual Debt Service on the Series 2016 B Bonds, and all obligations issued on a parity with the Series 2016 B Bonds, including the Prior Bonds and any Additional Parity Bonds hereinafter issued. The City is required to commence enactment of such ordinances as may be required to increase such rates and charges within ninety (90) days following a determination by, or an annual audit report of, an Independent Certified Public Accountant showing that less than the above-required coverage exists. See "APPENDIX F – FORM OF ORDINANCE" attached hereto.

The following chart provides the historical debt service coverage ratio of the System for the fiscal years ended June 30, 2011 through June 30, 2015.

CITY OF CHARLES TOWN COMBINED WATERWORKS & SEWERAGE SYSTEM
Five Year Historic Coverage Ratio

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Operating Income	$ 1,001,293	$ 700,603	$ 794,626	$ 839,779	$ 822,576
ADD:					
Depreciation and Amortization	$ 1,089,413	$ 1,133,382	$ 1,112,002	$ 1,401,645	$ 1,643,484
Interest Income	2,024	6,931	6,916	4,009	5,477
Developer DS Reimbursements	-	-	-	43,000	42,945
Miscellaneous	220,264	376,055	432,462	432,567	446,420
Cash Available for Debt Service	$ 2,312,994	$ 2,216,971	$ 2,346,006	$ 2,721,000	$ 2,960,902
Debt Service Payments	$ 1,925,829	$ 1,913,021	$ 2,005,731	$ 2,359,880	$ 2,319,358
Debt Service Coverage	120%	116%	117%	115%	128%

Source: Charles Town Audits

Series 2016 B Bonds Reserve Account

The City is entering into a Debt Service Reserve Agreement with BAM for the Series 2016 B Bonds (the "Series 2016 B Reserve Policy" or the "Reserve Policy").

Information with respect to the Bond Insurer and the Series 2016 B Reserve Policy is set forth in "APPENDIX I – Bond Insurance" and "APPENDIX K – Specimen Municipal Bond Debt Service Reserve Insurance Policy." Under the Reserve Policy, the City is required to repay any draws upon the Reserve Policy and any administrative expenses incurred by BAM, together with interest on 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 2016 B Bonds (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 Policy will be reduced by and to the extent of any payment made under the Reserve Policy. 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 Policy will be increased by a like amount, subject to the terms of the Reserve Policy. All cash and investments in the Series 2016 B Bonds Reserve Account shall be transferred to the Series 2016 B Bonds Sinking Fund for payment of the debt service on the Series 2016 B Bonds before any draw may be made on the Series 2016 B Reserve Policy. The amount available under the Reserve Policy will be reduced by and to the extent of any payment made under the Reserve Policy. 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 Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The City does not expect there to be cash or investments in the Series 2016 B Bonds Reserve Account.

If the Reserve Policy is not in effect, in the event of a transfer from the Series 2016 B Bonds Reserve Account to the Series 2016 B Bonds Sinking Fund as aforesaid, the City shall restore the balance to the Series 2016 B Bonds Reserve Account in an amount up to the Series 2016 B Bonds Reserve

Requirement. The transfer of any cash by the City from the Series 2016 B Bonds Reserve Account to the Series 2016 B 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 2016 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 2016 B Bonds Reserve Requirement is $257,000, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2016 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2016 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2016 B Bonds. The Series 2016 B Bonds Reserve Account is being funded by the Series 2016 B Reserve Policy in the amount equal to the Series 2016 B Bonds Reserve Requirement. In the event funds in the Series 2016 B Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2016 B Bonds, the Bond Commission shall submit a Notice of Nonpayment to BAM, which will, pursuant to the Series 2016 B Reserve Policy, pay the Bond Commission sufficient amounts to make payments of principal of and/or interest on the Series 2016 B Bonds as the same becomes due, subject to the Series 2016 B Reserve Policy limits. If the Series 2016 B Reserve Policy is not in effect, the Bond Commission shall withdraw cash from the Series 2016 B Bonds Reserve Account for transfer to the Series 2016 B Bonds Sinking Fund.

Renewal and Replacement Fund

The City is required after the payments into the Series 2016 B Bonds Sinking Fund and Reserve Account 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 2016 B Bonds Reserve Account in the Series 2016 B Bonds Sinking Fund and the reserve accounts in the sinking funds of the Prior Bonds and any additional Parity Bonds hereinafter issued.

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 2016 B 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 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter issued, second to pay principal on the Series 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter issued, third to fund the Reserve Accounts for the Series 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter

issued, 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 2016 B Bonds and any additional 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 – FORM OF ORDINANCE" attached hereto.

Enforcement of Collections

The City covenants in the Ordinance to diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals and other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia or other laws of the State. The City further covenants and agrees in the Ordinance that it will, subject to the laws of the State and regulations of the Public Service Commission of West Virginia, discontinue services to all delinquent users of services and facilities of the System, until such delinquent amounts, including penalties and reconnect fees, have been fully paid. See "APPENDIX B – THE SYSTEM" and "APPENDIX F – FORM OF ORDINANCE" 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 Ordinance, payable out of the revenues of the System shall be issued after the issuance of the Series 2016 B Bonds pursuant to the Ordinance, except under the conditions and in the manner therein provided.

No such additional Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of the Series 2016 B Bonds issued pursuant to the Ordinance, refunding the Prior Bonds or any additional Parity Bonds hereinafter issued, 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 a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to certain adjustments provided for in the Ordinance, 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 additional 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 2016 B Bonds then Outstanding;

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

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

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 and 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 Parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of the Independent Certified Public Accountants.

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 Certified Public 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 2016 B Bonds, and all the covenants and other provisions of the Ordinance shall be for the equal benefit, protection and security of the Holders of the Series 2016 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. Bonds issued on a parity, 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 of a series over any other. The City shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the Series 2016 B Bonds on such Gross Revenues. The City shall not issue any obligations whatsoever payable from the Gross 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 Gross Revenues, with the Series 2016 B Bonds, except in the manner and under the conditions provided in the Ordinance.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance and Prior Ordinance, on account of the Bonds then Outstanding, if any, and any other payments provided for in the Ordinance shall have been made in full as required to the date of delivery of such Parity Bonds. See "APPENDIX F – FORM OF ORDINANCE" 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 2016 B Bonds, of the Series 2016 B Insurance Policy and the Series 2016 B Reserve Policy. Information regarding the Bond Insurer, the Series 2016 B Insurance Policy and the Series 2016 B

Reserve Policy, specifically including "APPENDIX I – Bond Insurance," "APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX K – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" has been furnished 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 Series 2016 B Insurance Policy and the Series 2016 B Reserve Policy, which should be read in their entirety.

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Series 2016 B 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, the Series 2016 B Bonds and any additional Parity Bonds hereinafter issued. 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, after payment of Operating Expenses, of the maximum annual debt service of the Series 2016 B Bonds and all bonds issued on a parity with the Series 2016 B Bonds and the Prior Bonds.

Gross Revenues sufficient to pay the debt service on the Series 2016 B Bonds, the Prior Bonds and any additional Parity Bonds hereinafter issued 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 2016 B 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 2016 B 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, under certain circumstances, to require citizens to hook up to the sanitary 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 and the District of Columbia. 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 the resulting rate/revenue impact in the System. See "APPENDIX B – THE SYSTEM."

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2016 B Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Series 2016 B 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 2016 B Bonds. Prospective purchasers of the Series 2016 B 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 2016 B 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 certain regulation by the PSC including, 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] in 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

General

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 2016 B 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; (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 2016 B 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 2016 B 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 2016 B 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 Issuer complies on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied for interest on the Series 2016 B Bonds to be or continue to be excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2016 B 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 2016 B 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 2016 B 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 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 2016 B Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2016 B Bonds might be affected as a result of such an audit of the Series 2016 B 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 2016 B Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2016 B Bonds or their market value.

Special Considerations with Respect to the Series 2016 B Bonds

The accrual or receipt of interest on the Series 2016 B Bonds may otherwise affect the federal income tax liability of the owners of the Series 2016 B 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. Prospective purchasers should be aware of certain collateral consequences which may result under federal tax law for certain holders of the Series 2016 B Bonds: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2016 B Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2016 B Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for losses incurred by 15 percent of the sum of certain items, including interest on the Series 2016 B Bonds, (iii) interest on the Series 2016 B Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the Series 2016 B Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S Corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S Corporation is passive investment income, (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income receipts or accruals of interest on the Series 2016 B Bonds, and (vi) receipt of investment income, including interest on the Series 2016 B Bonds, may, pursuant to Section 32(i) of the Code, disqualify the recipient from obtaining the earned income credit provided by Section 32(a) of the Code.

Backup Withholding

Interest paid on tax-exempt obligations such as the Series 2016 B Bonds is generally required to be reported by payors to the IRS and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the Bondholder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the Bondholder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Series 2016 B Bonds from gross income for federal tax purposes.

Changes in Federal and State Tax Law

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series 2016 B Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Series 2016 B Bonds or the tax consequences of ownership of the Series 2016 B Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Series 2016 B Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including the limitation of federal tax expenditures, are expected to be under ongoing consideration by the United States Congress. These efforts to date have included proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation. Future proposed changes could affect the market value or marketability of the Series 2016 B Bonds, and, if enacted, could also affect the tax treatment of all or a portion of the interest on the Series 2016 B Bonds for some or all holders. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

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 2016 B 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 2016 B Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2016 B 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 2016 B 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 2016 B Bonds maturing on June 1, 2041, and June 1, 2046 (collectively, the "Discount Bonds") were sold with OID. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded annually (or over a shorter permitted compounding interval selected by the owner). The portion of the OID that accrues during the period of ownership of a Discount Bond (i) will be interest excludable from the owners's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2016 B Bonds, and (ii) will be added to the owner's tax basis for purposes of determining a gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside front cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Owners of Discount Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID properly accruable in any period with respect to the Discount Bonds as to other federal tax consequences, and the treatment of the OID for purposes of state and local taxes on, or based on, income.

Original Issue Premium

The Series 2016 B Bonds maturing on June 1, 2027, June 1, 2031 and June 1, 2036 (collectively, the "Premium Bonds") were sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity in the case of the "Noncallable Premium Bonds" or their earlier call date in the case of the "Callable Premium Bonds." The difference between the principal amount payable at maturity of the Noncallable Premium Bonds and the tax basis of a Noncallable Premium Bond to a purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to a purchaser (in either case, other than a purchaser who holds a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) will be "bond premium." For federal income tax purposes, bond premium is amortized over the period to maturity of a Noncallable Premium Bond. A purchaser of a Premium Bond will be required to decrease his or her adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he or she holds the Premium Bond. The amount of amortizable bond premium attributable to a taxable year will be determined at a constant interest rate compounded annually. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond.

Owners of Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of bond premium properly accruable in any period with

respect to the Premium Bonds as to other federal tax consequences, and the treatment of the bond premium for purposes of state and local taxes on, or based on, income.

RATINGS

Based on the insurance policy issued by BAM, the Series 2016 B Bonds are rated "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("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. 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 2016 B Bonds any proposed revision or withdrawal of any rating of the Series 2016 B 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 2016 B Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2016 B Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, the form of which is attached as APPENDIX D hereto. Hoy G. Shingleton Jr., Esquire, Martinsburg, West Virginia, counsel to the Utility Board, will pass on certain matters for the 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 2016 B Bonds, the Ordinance or any agreement to which the City is a party and which is a part of the issuance of the Series 2016 B Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2016 B 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 2016 B BONDS - General."

UNDERWRITING

The Series 2016 B 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 2016 B Bonds at a total purchase price of $3,997,250.47 (which is the par amount, less an underwriting discount of $30,018.83 plus net original issue premium of $132,269.30.) 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 2016 B Bonds to certain dealers (including dealers depositing the Series 2016 B 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, 2015, and the report with respect to the audited financial statements as of and for the twelve-month period ended June 30, 2015, dated March 23, 2016, 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, 2016 are not expected to be available for inclusion in the final Official Statement and prior to the delivery of the Series 2016 B 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 2016 B 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 Ordinance to execute and deliver contemporaneously with the issuance of the Series 2016 B Bonds an agreement to undertake for the benefit of the Registered Owners of the Series 2016 B 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, 2016, 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 2016 B Bonds. Registered Owners may contact the City Manager of the Issuer 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 during 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 disclosure will be filed in a timely manner in the future.

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC, Lexington, Kentucky, is serving as independent municipal advisor (the "Municipal Advisor") to the City in connection with the Series 2016 B Bonds.

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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 Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2016 B Bonds. The City has authorized the execution and distribution of this Official Statement.

CITY OF CHARLES TOWN, WEST VIRGINIA

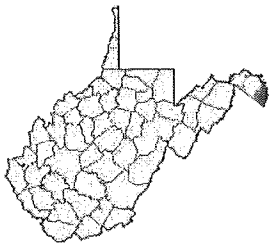
By: /s/ Peggy A. Smith
Mayor

APPENDIX A

GENERAL INFORMATION REGARDING JEFFERSON COUNTY, WEST VIRGINIA

APPENDIX A – General Information regarding Jefferson County, WV

Sources include: US Census
City-Data.com
WorkforceWV
www.stats.indiana.edu/



People & Income Overview (By Place of Residence)	Value	Rank in U.S.	Industry Overview, 2015 (By Place of Work)	Value	Rank in U.S.
Population (2015)	56,482	921	Covered Employment	15,334	1,088
Growth (%) since 2010 Census	5.3 %	401	Avg Wage per Job	$40,360	942
Households (2014)	20,126	939	Manufacturing - % All Jobs in County	5.4 %	2,083
Labor Force (persons) (2015)	27,597	863	Avg Wage per Job	$42,260	1,789
Unemployment Rate (2015)	4.1	2,362	Transportation & Warehousing - % All Jobs in County	0.5 %	2,698
Per Capita Personal Income (2014)	$44,160	748	Avg Wage per Job	$56,815	319
Median Household Income (2014)	$66,950	204	Health Care, Social Assist. - % All Jobs in County	6.7 %	1,810
Poverty Rate (2014)	10.2	2,734	Avg Wage per Job	$39,581	993
High School Diploma or More - % of Adults 25+ (2014)	88.1 %	1,222	Finance and Insurance - % All Jobs in County	1.9 %	1,923
Bachelor's Degree or More - % of Adults 25+ (2014)	28.3 %	479	Avg Wage per Job	$46,524	1,409

Demographics

Population over Time	Number	Rank in U.S.	Percent of U.S.	U.S.
2015	56,482	921	0.0 %	321,418,820
2010	53,626	945	0.0 %	309,346,863
2000	42,492	1,066	0.0 %	282,162,411
1990	36,150	1,118	0.0 %	249,464,396
1980	30,302	1,230	0.0 %	226,542,250
2000 to 2010 % Change	26.2 %	205		9.6 %
1990 to 2010 % Change	48.3 %	370		24.0 %
1980 to 2010 % Change	77.0 %	383		36.6 %

Source: U.S. Census Bureau

Components of Population Change (1-year change ending in 2015)	Number	Rank in U.S.	Percent of U.S.	U.S.
Net Domestic Migration	383	374	0.0 %	0
Net International Migration	146	569	0.0 %	1,150,528
Natural Increase (births minus deaths)	177	747	0.0 %	1,360,891
Births	636	916	0.0 %	3,985,924
Deaths	459	1,041	0.0 %	2,625,033

Source: U.S. Census Bureau

Population Estimates by Age in 2014	Number	Rank in U.S.	Pct Dist.	Pct Dist. in U.S.
Preschool (0 to 4)	3,160	945	5.8 %	6.4 %
School Age (5 to 17)	9,521	906	17.4 %	17.1 %
College Age (18 to 24)	5,390	890	9.9 %	10.0 %
Young Adult (25 to 44)	13,715	900	25.1 %	26.4 %
Older Adult (45 to 64)	15,808	883	28.9 %	26.4 %
Older (65 plus)	7,056	1,060	12.9 %	13.7 %
Median Age	39.4	1,962		Median Age = 37.4

Sources: U.S. Census Bureau, American Community Survey, 5-Year Estimates;
Median age calculated by the IBRC.

Population Estimates by Race and Hispanic Origin in 2014	Number	Rank in U.S.	Pct Dist.	Pct Dist. in U.S.
American Ind. or Alaskan Native Alone	39	2,191	0.1 %	0.8 %
Asian Alone	868	701	1.6 %	5.0 %
Black Alone	3,553	954	6.5 %	12.6 %
Native Hawaiian and Other Pac. Isl. Alone	0	1,600	0.0 %	0.2 %
White Alone	48,029	899	87.9 %	73.8 %
Two or More Race Groups	1,545	783	2.8 %	2.9 %
Hispanic or Latino (can be of any race)				
Non-Hispanic or Latino	51,862	901	94.9 %	83.1 %
Hispanic or Latino	2,788	1,016	5.1 %	16.9 %

Sources: U.S. Census Bureau, American Community Survey, 5-Year Estimates

Hispanic or Latino Population in 2014 (can be of any race)	Number	Rank in U.S.	Pct Dist.	Pct Dist. in U.S.
Hispanic	2,788	1,016	100%	100%
Mexican	690	1,518	24.7 %	64.2 %
Cuban	87	689	3.1 %	3.7 %
Puerto Rican	590	519	21.2 %	9.5 %
Other	1,421	552	51.0 %	22.6 %
White, Not Hispanic (reporting white alone)	46,082	878	N/A	N/A

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates

Education

Educational Attainment in 2014	Number	Percent of Population 25+	Rank in U.S.	U.S. % of Population 25+
Total Population 25 and Older	36,579	100%	N/A	100%
Less than 9th Grade	1,609	4.4 %	1,769	5.8 %
9th to 12th, No Diploma	2,752	7.5 %	1,933	7.8 %
High School Graduate (includes equiv.)	12,149	33.2 %	1,918	28.0 %
Some College, No Degree	7,216	19.7 %	2,242	21.2 %
Associate Degree	2,503	6.8 %	2,161	7.9 %
Bachelor's Degree	6,641	18.2 %	499	18.3 %
Graduate, Professional or Doctorate Degree	3,709	10.1 %	497	11.0 %

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates

Income & Poverty

Median Income	Number	Rank in U.S.	Percent of U.S.
Median Household Income in 2014	$66,950	204	124.8 %
Median Household Income in 2000	$45,039	418	107.3 %
Percent Change 2000 to 2014	48.6 %	249	

Source: U.S. Census Bureau

Per Capita Personal Income (PCPI)	Number	Rank in U.S.	Percent of U.S.
2014	$44,160	748	95.9 %
2004	$32,455	469	94.6 %
1994	$19,834	822	88.0 %
1984	$10,843	1,735	78.2 %
10-Year % Change	36.1 %	1,753	
20-Year % Change	122.6 %	964	
30-Year % Change	307.3 %	355	

Source: U.S. Bureau of Economic Analysis

Personal Income in 2014 ($000)	Number	5-Year % Change (adj*)	Rank in U.S.
Total Earnings by Place of Work	$904,685	27.6 %	897
Minus: Contributions for Government Social Insurance	$111,380	30.1 %	370
Personal Contributions for Government Social Insurance	$58,132	27.3 %	527
Employer Contributions for Government Social Insurance	$53,248	33.4 %	313
Plus: Adjustment for Residence	$859,302	3.5 %	2,169
Equals: **Net Earnings by Place of Residence**	$1,652,607	13.7 %	2,149
Plus: Dividends, Rent, Interest	$355,638	21.4 %	1,513
Plus: Transfer Payments	$452,030	55.3 %	2
Equals: **Personal Income by Place of Residence**	$2,460,275	20.8 %	1,211

Source: U.S. Bureau of Economic Analysis

Poverty Estimates	Number	Rank in U.S.	Percent Change	Rank in U.S.
Poverty Rate in 2014	10.2	2,734	--	--
In 2000	8.8	2,481	-9.7 %	2,283
Poverty Rate for Children under 18 in 2014	13.1	2,806	--	--
In 2000	12.3	2,442	-19.1 %	2,641

Source: U.S. Census Bureau

Jobs & Earnings (BEA)

BEA Major Sectors (NAICS) in 2014 (by place of work)	Earnings ($000)	Avg Earnings Per Job	Rank in U.S. Jobs		Pct Dist. in County	Pct Dist. in U.S.
Earnings by place of work - 35	$904,685	$40,461	1,707	22,359	100.0 %	100.0 %
Wage and salary disbursements - 50	$631,882	$37,500	1,405	16,850	75.4 %	78.0 %
Proprietors' income - 70	$108,296	$19,658	1,954	5,509	24.6 %	22.0 %
Farm proprietors' income - 71	$7,039	$16,034	1,789	439	2.0 %	1.0 %
Nonfarm proprietors' income - 72	$101,257	$19,971	1,510	5,070	22.7 %	21.0 %

Farm earnings - 81	$12,748	$22,055	1,769	578	2.6 %	1.4 %
Nonfarm earnings - 82	$891,937	$40,950	1,493	21,781	97.4 %	98.6 %
Private earnings - 90	$647,615	$36,631	1,686	17,679	79.1 %	85.6 %
Forestry, fishing, related activities, and other - 100	$0	$0	0	0	0.0 %	0.5 %
Mining - 200	$0	$0	0	0	0.0 %	0.9 %
Utilities - 300	$0	$0	0	0	0.0 %	0.3 %
Construction - 400	$46,600	$45,111	1,259	1,033	4.6 %	5.2 %
Manufacturing - 500	$57,622	$66,308	807	869	3.9 %	7.0 %
Retail Trade - 700	$54,767	$23,030	2,353	2,378	10.6 %	10.1 %
Transportation and warehousing - 800	$0	$0	0	0	0.0 %	3.4 %
Information - 900	$10,228	$53,549	650	191	0.9 %	1.8 %

Source: U.S. Bureau of Economic Analysis (BEA)
D = Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.
L = Less than 10 jobs, but the estimates for this item are included in the totals.
N/A = Not available or not applicable.
* = "Other" consists of the number of jobs held by U.S. residents employed by international organizations and foreign embassies and consulates in the United States.

Jobs & Wages (BLS)

Annual Covered Employment and Wages Over Time (NAICS)	Establishments	Jobs	Average Wage Per Job (*adj)	Rank in U.S.	Pct of U.S. Avg Wage
2015	1,080	15,334	$40,360	942	76.2 %
2014	1,062	14,839	$37,200	1,309	72.4 %
2013	1,037	15,029	$35,556	1,407	71.4 %
2012	1,028	15,042	$35,607	1,275	72.2 %
2011	1,011	14,699	$34,638	1,306	72.1 %
2010	999	14,216	$33,151	1,419	70.9 %
2009	1,015	13,846	$32,269	1,443	70.8 %
2008	1,022	14,337	$30,772	1,719	67.5 %
2007	1,042	14,814	$29,875	1,675	67.2 %
2006	1,027	14,573	$29,569	1,465	69.5 %
2005	998	14,358	$28,460	1,465	70.0 %
10-Year Change	82	976	$11,900		
10-Year Percent Change	8.2 %	6.8 %	41.8 %		

Source: U.S. Bureau of Labor Statistics (BLS)
***adj** = Adjusted for Inflation; **D** = Non-Discloseable Data; **N/A** = Not Available;
Note: Average wage may not match published numbers due to rounding.

Annual Industry Distribution of Jobs and Avg. Wage in 2015 (NAICS)	Establishments	Jobs	Pct. Dist.	Annual Average Wage Per Job	Rank in U.S.
Total	1,080	15,334	100.0 %	$40,360	942
Agriculture, Forestry, Fishing and Hunting	19	0	0.0 %	$0	1,709
Mining	1	0	0.0 %	$0	1,194
Utilities	4	0	0.0 %	$0	0
Construction	88	504	3.3 %	$47,455	976
Manufacturing	18	828	5.4 %	$42,260	1,789
Wholesale Trade	30	252	1.6 %	$49,643	1,153
Retail Trade	139	1,826	11.9 %	$22,876	2,020
Transportation & Warehousing	26	71	0.5 %	$56,815	319

Information	14	95	0.6 %	$54,829	460
Finance and Insurance	41	296	1.9 %	$46,524	1,409
Real Estate and Rental and Leasing	49	143	0.9 %	$33,476	1,028
Professional, Scientific, and Technical Services	135	667	4.3 %	$69,399	381
Management of Companies and Enterprises	3	0	0.0 %	$0	1,265
Admin. & Support & Waste Mgt. & Rem. Services	55	0	0.0 %	$0	0
Educational Services	40	834	5.4 %	$53,323	78
Health Care and Social Services	75	1,032	6.7 %	$39,581	993
Arts, Entertainment, and Recreation	43	575	3.7 %	$40,486	126
Accommodation and Food Services	133	3,564	23.2 %	$24,709	50
Other Services (Except Public Administration)	124	549	3.6 %	$26,910	1,302
Public Administration	40	1,455	9.5 %	$71,386	121
Unallocated	4	1	0.0 %	$109,878	31

Source: U.S. Bureau of Labor Statistics (BLS)
D = Not shown to avoid disclosure of confidential information.
N/A = This item is not available.
Note: Average wage may not match published numbers due to rounding.

Labor Force

Labor Force Annual Averages in 2015	Number	Rank in U.S.	% of U.S.	U.S.
Total Labor Force	27,597	863	0.0 %	157,130,000
5-Year % Change	2.7 %	629	--	0.0 %
10-Year % Change	14.8 %	298	--	5.2 %
Employed	26,464	859	0.0 %	148,834,000
5-Year % Change	5.5 %	918	--	7.0 %
10-Year % Change	13.8 %	328	--	5.0 %
Unemployed	1,133	1,083	0.0 %	8,296,000
5-Year % Change	-36.8 %	915	--	-44.0 %
10-Year % Change	42.2 %	216	--	9.3 %
Unemployment Rate	4.1	2,362	77.4 %	5.3
5-Year % Change	-38.8 %	1,344	--	-44.8 %
10-Year % Change	24.2 %	538	--	3.9 %

Source: U.S. Bureau of Labor Statistics

Living Arrangements

Households in 2014	Number	Rank in U.S.	Pct. Dist.	Pct. Dist. in U.S.
Total Households	20,126	939	100%	100%
Family Households	14,269	907	70.9 %	66.2 %
Married with Children	4,086	878	20.3 %	19.6 %
Married without Children	7,009	903	34.8 %	28.8 %
Single Parents	1,831	942	9.1 %	9.5 %
Other	1,343	1,013	6.7 %	8.3 %
Non-Family Households	5,857	1,010	29.1 %	33.8 %
Living Alone	4,S55	1,070	22.6 %	27.6 %
Average Household Size	2.60	586		

Source: U.S. Census Bureau

Housing Units in 2014	Number	Rank in U.S.	Pct. Dist.	Pct. Dist. in U.S.
Total Housing Units (ACS estimate)	22,268	1,000	100%	100%
Occupied	20,126	939	90.4 %	87.5 %
Owner Occupied	15,311	893	68.8 %	56.3 %
Renter Occupied	4,815	1,065	21.6 %	31.2 %
Vacant	2,142	1,467	9.6 %	12.5 %
For Seasonal or Recreational Use	695	1,192	3.1 %	4.0 %

Source: U.S. Census Bureau

Residential Building Permits in 2015	Units	Pct Dist.	Pct Dist. in U.S.	Cost ($000)
Total Permits Filed	304	100%	100%	$57,797
Single Family	204	67.1 %	58.9 %	$51,697
Two Family	0	0.0 %	1.4 %	$0
Three and Four Family	4	1.3 %	1.3 %	$800
Five Families and More	96	31.6 %	38.4 %	$5,300

Source: U.S. Census Bureau

StatsAmerica is a service of the Indiana Business Research Center at Indiana University's Kelley School of Business.
This initiative is funded in part by the U.S. Commerce Department's Economic Development Administration.

WorkForce WEST VIRGINIA

Earl Ray Tomblin, *Governor*
Russell L. Fry, *Acting Executive Director*
Keith Burdette, *Cabinet Secretary*

Jefferson County

Employment and Wages Annual Averages	2014			2013		
	Emp.	Total Wages	Avg Annual Wage	Emp	Total Wages	Avg Annual Wage
Total, All Industries	14,838	550,325,943	37,089	15,048	533,787,837	35,472
Total, Private Sector	11,336	384,372,796	33,907	11,566	379,191,071	32,785
Natural Resources and Mining	119	4,071,736	34,216	122	3,889,666	31,883
Construction	431	17,038,063	39,531	441	17,549,445	39,795
Manufacturing	784	32,385,909	41,309	860	32,101,325	37,327
Trade, Transportation, and Utilities	2,179	57,044,358	26,179	2,189	55,882,819	25,529
42 Wholesale trade	244	11,235,560	46,047	265	11,205,641	42,285
44-45 Retail trade	1,815	40,860,430	22,513	1,798	39,821,473	22,148
48-49 Transportation and warehousing	107	4,454,413	41,630	113	4,388,866	38,840
Information	97	5,189,413	53,499	104	5,320,614	51,160
Financial Activities	439	17,895,819	40,765	438	17,528,427	40,019
Professional and Business Services	917	57,638,184	62,855	825	51,249,476	62,121
Education and Health Services	1,895	85,571,444	45,156	1,889	82,657,042	43,757
Leisure and Hospitality	3,903	93,456,273	23,945	4,130	99,578,070	24,111
Other Services	572	14,081,597	24,618	568	13,434,187	23,652
Government	3,502	165,953,147	47,388	3,482	154,596,766	44,399
Federal Government	772	60,113,302	77,867	699	49,478,605	70,785
State Government	821	30,619,877	37,296	851	30,805,874	36,200
Local Government	1,909	75,219,968	39,403	1,932	74,312,287	38,464

Demographics (2010 Census)	
Total Population 2013	55,713
Total Population 2000	42,439
Total Population 1990	35,926
Total Population 1980	30,302
Total Population 1970	21,280
Sex and Age	
Male	26,650
Female	27,481
Ages 14 and below	10,648
Ages 15 to 19	3,915
Ages 20 to 24	3,529
Ages 25 to 34	5,960
Ages 35 to 44	7,835
Ages 45 to 54	8,487
Ages 55 to 64	7,104
Ages 65 and older	6,653
Median Age	39.2
Race	
White	49,020
Black or African American	4,447
American Indian and Alaska Native	457
Asian	1,007
Native Hawaiian and Other Pacific	26
Some other race	678
Two or more races	1,481

Data Sources

http://lmi.workforcewv.org

http://bls.gov

http://census.gov

http://bea.gov

Top 10 Employers

March 2014

1	PNGI Charles Town Gaming
2	Jefferson County Board of Education
3	Shepherd University
4	American Public University System
5	Jefferson Memorial Hospital
6	Wal-Mart Stores, Inc.
7	Royal Vendors, Inc.
8	Department of the Interior (National Park Service)
9	Jefferson County Commission
10	Food Lion LLC

Worker Commuting Patterns

	Total	*Male*	*Female*
Number	25,313	13,396	11,917
Worked in state of residence:	13,256	6,202	7,054
Worked in county of residence	11,415	5,314	6,101
Worked outside county of residence	1,841	888	953
Worked outside state of residence	12,057	7,194	4,863

2010 American Community Survey 5-Year Estimates

Income

Total Personal Income (000)	2013	$2,199,537
Percapita Personal Income	2013	$39,939
Household Income*		*Number*
Less than $10,000		994
$10,000 to $14,999		722
$15,000 to $24,999		1,768
$25,000 to $34,999		1,713
$35,000 to $49,999		2,370
$50,000 to $74,999		3,742
$75,000 to $99,999		2,926
$100,000 to $149,999		3,430
$150,000 or more		2,224
Median Household Income (2013)		$65,304

US Census Bureau

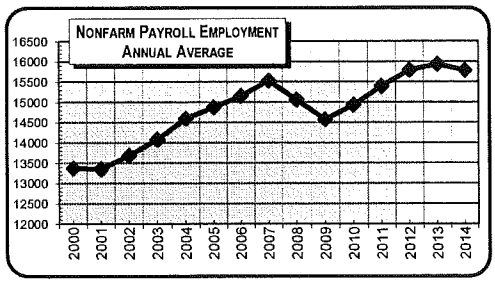
WorkForce WEST VIRGINIA

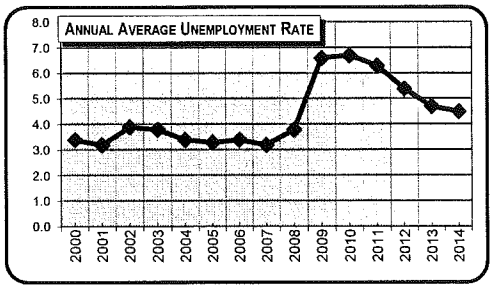
Earl Ray Tomblin, *Governor*
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Keith Burdette, *Cabinet Secretary*

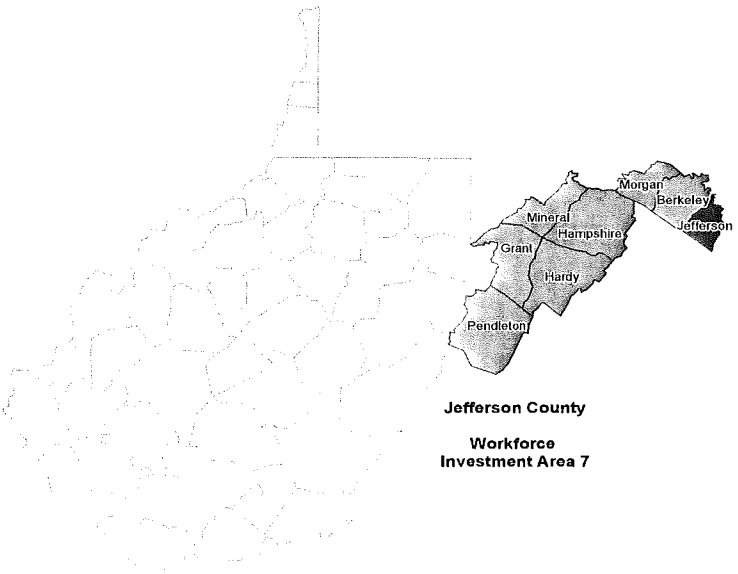
County:	Jefferson
County Seat:	Charles Town

Labor Force Statistics	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Civilian Labor Force	23,350	23,300	23,250	23,150	23,520	24,040	24,800	25,250	24,920	24,650	26,870	27,250	27,550	27,420	27,040
Total Employment	22,570	22,560	22,340	22,280	22,730	23,250	23,960	24,440	23,970	23,020	25,080	25,540	26,050	26,140	25,830
Total Unemployment	790	750	910	870	790	800	840	810	950	1,630	1,790	1,710	1,500	1,290	1,210
Unemployment Rate	3.4	3.2	3.9	3.8	3.4	3.3	3.4	3.2	3.8	6.6	6.7	6.3	5.4	4.7	4.5
Total Nonfarm Payroll Employment by Industry	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
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	15,940	15,790
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	12,310	12,130
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	1,360	1,280
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	14,580	14,510
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	10,950	10,850
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	2,250	2,240
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	1,790	1,810
Transport, Warehousing & Util	110	110	120	140	120	110	120	110	150	180	**	**	**	**	**
Information	140	140	120	110	120	130	130	130	130	120	**	**	**	**	**
Financial Activities	470	480	450	440	470	500	510	500	490	480	440	440	430	440	450
Profess and Business Serv	830	700	830	920	1,110	1,120	950	1,030	760	760	700	660	710	950	1,110
Education and Health Serv	850	960	1,000	1,020	1,060	1,150	1,170	1,310	1,350	1,440	**	**	**	**	**
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	4,150	3,890
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	3,630	3,660
Federal	700	720	750	760	750	750	730	730	710	750	840	870	730	700	770
State	870	940	970	980	980	960	980	980	990	930	940	910	920	910	890
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	2,020	2,000

Benchmark 2013 ***not available*







Jefferson County

Workforce Investment Area 7

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, 2015, an average of 5,896 customers were served by the water system, compared to 5,827 in 2014.

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted)

Fiscal Year (June 30)	Residential & Commercial	Other	Total
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
2015	369,152	996	370,148

Communities Served

According to the PSC Annual Report, as of June 30, 2015, approximately 5,348 customers and a population of 13,932 were served by the water system.

	Water Customers At Year End	Population Served
Charles Town	2,444	6,281
Ranson	1,100	2,871
Jefferson County	1,804	4,780
	5,348	13,932

Sewer

The City owns, operates and maintains a wastewater treatment and collection system, extending throughout the City and 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. Both of the City's treatment plants discharge treated effluent to Evitts Run, a tributary of the Shenandoah River.

For the period ending June 30, 2015, an average of 3,233 customers were served by the wastewater treatment plant, compared to 3,083 in 2014. Additionally, the City provides wastewater treatment services to the City of Ranson ("Ranson") and Jefferson County Public Service District ("JCPSD"). Both Ranson and JCPSD are deemed to be resale customers of the City.

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:

Mayor/Council	Term	Occupation
Peggy A. Smith, Mayor	6/13 to 6/17	Retired
Michael George	6/13 to 6/17	Commodity Specialist
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
Bob Trainor	6/15 to 6/19	Director of US Marine Transportation System
Michael Tolbert	6/15 to 6/19	Federal Government Employee
Jonathan L. Wertman	6/13 to 6/17	Attorney
Nick Zaglifa	6/15 to 6/19	Project Coordinator

The City 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, Civil Engineer, Thomas W. Stocks, Charles W. Kline and the City Manager. Ms. Jane Arnett, CPA, serves as the manager of the System. 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:

- Completed a water loss audit by an independent engineering firm (ACER Engineers & Consultants, Inc.).

- Implemented the recommendations of the audit through adoption of a water loss mitigation plan, a 100% water meter replacement program and hardware and software upgrades, to provide increased cash flow.

- Under West Virginia Senate Bill 568, requested and had completed a Public Service Commission audit.

- Adopted Finance Policy F1-1, *Collection Procedures,* to comply with PSC Rule 4.8, *Utility Discontinuance of Service*, to improve water and sewer collections.

- With regard to wastewater treatment and following a Pre-Application and Feasibility Study, an Inflow and Infiltration Study, an Influent BOD Source Study, Volumetric Metering of Effluent Flow, and Facilities Plan, the City completed a $4.3 million upgrade to a sequential batch reactor system at the Wastewater Treatment Plant.

- Facilities Plan for Water System completed March 2001.

- Purchased a private utility with 175 customers, that includes a Super Wal-Mart. Purchased the assets of the Charles Town Races and Gaming private water system and connected the property to the City of Charles Town Water System.

- Acquired the assets of the existing Tuscawilla Utilities water and sewer systems, then engineered a water connecting line, constructed one Tuscawilla water tank and one Huntfield development water tank. Tuscawilla serves approximately 1,150 residential customers.

- Acquired an approximately one-mile water main to connect the System to the Huntfield development water system. This new development of approximately 1,000 acres has the capacity to accommodate over 3,000 homes.

- Completed in 2003, the Downtown Revitalization Project and Phase I Water Improvement Project totaled $6.7 million. The $2 million Downtown Revitalization Project was funded primarily by State and Federal grant funding ($1.4 million) to install new sidewalks, street areas, lighting and furniture that enhanced a state transportation corridor in the historic downtown area by promoting walkability and supporting tourism and economic development. Concurrently, a water line replacement project was completed through downtown ensuring adequate fire flows in the National Register of Historic Places district. Finally, new water storage and three additional miles of water mains were installed.

- Financed with revenue bonds issued in June 2005 in the principal amount of $2,355,000, a project to increase the System's treatment capacity by an additional 550,000 gallons per day. The project added two blowers to the Sequencing Batch Reactor ("SBR") system, as well as a 600,000 gallon aerobic digester to enhance digestion and reduce solids. The project resulted in improved discharge water quality.

- Financed with revenue bonds issued in January 2006 in the principal amount of $1,830,000, a project to purchase and add an existing sewerage collection system to the City's combined waterworks and sewerage system. The customers reside in the Huntfield residential subdivision. The development consists of approximately 1,000 acres located along US 340 and has the capacity to accommodate over 3,000 homes.

- Financed with revenue bonds issued in July 2006 in the principal amount of $2,000,000, a project to acquire, construct and equip certain improvements to its existing combined waterworks and sewerage system, consisting of the Northern High Zone water storage tank, booster station and related appurtenances. In addition, the City completed a twelve (12) inch interconnection to the Tuscawilla-Locust Hill development.

- Received an Insurance Services Organization favorable report. The rating improved from the last audit. The previous rating was 6/9 and the 5/9 generally warrants a reduction in insurance premiums.

- Leak detection efforts completed in Charles Town, Ranson, Locust Hill and Tuscawilla; all leaks repaired. Water loss for fiscal year 2011 was 38.1% reduced in 2012 to 31.1%.

- New water line work in 2012 included Brooke Street (2,200 feet 4"), 200 block Reymann Street and 4th Avenue (1,100 feet of 4"), two blocks of 3rd Avenue and Preston (1,000 feet of 4"), 100 block of west 4th Avenue (460 feet of 2"), and Hessy Street (240 feet of 2").

- Began partnership with West Virginia University on scanning efforts for GIS Inventory. Water mapping and modeling completed.

- Since 2010, all fire hydrants flowed, tagged, mapped and repaired where necessary (156 Public and 212 Private).

- Completed an MBR pilot study to evaluate Water Plant Improvement and Expansion (Proposed at $10,922,000).

- Converted to chloramines for water treatment to reduce HAA5 and THHM contaminants.

- Completed an $850,000 Water Generator Project. Generators have been installed at the Water Treatment Plant, the river intake site and a booster station.

- Purchased and installed a Sensus FlexNet meter reading system utilizing ARRA funds in the amount of $1,012,458. Installation of AMR transceiver units totaled 5,772 capable of transmitting meter readings every 4 hours.

- Since 2007, the Charles Town Utility Board has committed to publishing a Sewer Strategic Plan annually to align sewer needs with developer projections and schedule compliance timelines for nutrient reductions to meet Chesapeake Bay limits. The most recent Plan is published at www.ctubwv.com as well as the 2012 Consumer Confidence Report. In 2009 the Board also prepared a Water and Wastewater Capital Improvement Program.

- Tuscawilla Project (SRF# C-544392-02). Major modification to construct a .5 MGD MBR facility approved February 3, 2011, and construction began September 1, 2011, at $13,081,610.00. Substantial completion in September 2013. Facility is fully operational.

- Huntfield Force Main and Augustine Ave. Pumpover Station Projects (SRF# C544392-03). Permit Mod. No. 1 received April 11, 2012, and construction began January 2013, to provide an interconnect between the new Tuscawilla facility and the Charles Town Wastewater Treatment Plant at $1,500,000. Significant flows are now being diverted for enhanced quality treatment at Tuscawilla for Chesapeake Bay compliance.

- Combined Permit – Major Modification through public notice period to combine WVNPES Permit No. WV0022349 and WVNPDES Permit No. WV0088013 for nutrient loading limits.

- Willow Spring and 2012 – 2014 Wastewater Projects – (Willow Spring purchase, Willow Spring pumpover, Samuel Street upgrade, Jefferson Ave line, Patrick Henry / Wal-Mart pump station improvements, Charles Town Phase 1 project, the SEP and the Effluent Line at Tuscawilla). The Willow Spring wastewater treatment plant has been purchased.

Application submitted January 10, 2012, IJDC approved April 11, 2012, Clean Water State Revolving Funds $5,546,600 for Design and Construction - (0%, 0.5% Admin Fee, 30 year), Private Funding $1,914,400 (Willow Spring purchase and SEP) – (4.88%, 30 year). FY2013 Priority List Application for the Clean Water State Revolving Fund Program submitted. Design Loan $595,000 filed June 11, 2012 (Part of $7,761,000 Project). Engineering to be completed in 2014. The Charles Town Phase 1 and Tuscawilla Effluent Line projects have received bids and construction is scheduled to begin July 14, 2014.

- Chesapeake Bay Projects: The wastewater treatment facilities in the eight counties of West Virginia that flow to Chesapeake Bay have been mandated to reduce the flow of nitrogen and phosphorus compounds. At the end of 2012, the Charles Town "eligible" Chesapeake Bay compliance projects costs equaled $21,537,600 (as Tuscawilla Phase 1 with engineering $16,397,192, Projects 1B and 1C $1,153,558, Charles Town Phase 1 $3,202,000 and Tuscawilla Effluent Line $784,850) and would allow Charles Town to meet Chesapeake Bay compliance standards at 1.5 MGD. Charles Town has now completed a $15 million biological wastewater treatment plant to achieve targets set by the United Stated Environmental Protection Agency and the State of West Virginia. The Charles Town Phase I Project adds secondary treatment through sand filters at the main Charles Town facility to achieve compliance with the Executive Order and the West Virginia Department of Environmental Protection permit limits for Charles Town.

- JobsPlus asset management system fully operational.

- Full implementation of new accounting and billing software from Tyler as of January 2013 at a cost of $150,000.

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)
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083
2015	5,896	3,233

In addition to its residential and commercial customers, the City treats the wastewater from the City of Ranson and Jefferson County Public Service District.

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

Current Water Rates

The Public Service Commission authorized a water rate increase adopted by the City Council on March 2, 2015, effective for all service rendered on or after July 1, 2016. The current rates are as follows:

SCHEDULE I
(Effective Upon Substantial Completion of a Water Treatment Plant Improvement Project or Commencement of Project Debt Service, Whichever Occurs First)

APPLICABILITY

Applicable to entire area served except the contract rate.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES

First	10,000 gallons used per month	$10.33 per 1,000 gallons
Next	30,000 gallons used per month	$8.79 per 1,000 gallons
All over	40,000 gallons used per month	$6.94 per 1,000 gallons
PNGI Contract Rate		$4.86 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed:

5/8" of 5/8" x 3/4	Meter	$25.83 per month
3/4"	Meter	$38.74 per month
1"	Meter	$64.57 per month
1-1/2"	Meter	$129.14 per month
2"	Meter	$206.62 per month
3"	Meter	$387.42 per month
4"	Meter	$645.70 per month
6"	Meter	$1,291.40 per month

FLAT RATE

For Domestic, Commercial or Industrial Customer --$46.94 per month for 4,500 gallons.

METERED SALES – OTHER

For direct sales at the water treatment plant	$6.94 per 1,000 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 $50.00.

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

COST OF WATER PRODUCED

$0.50 per M gallons. To be used when the bill reflects unusual consumption that can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE II

(Effective Upon Substantial Completion of a Water Treatment Plant Improvement Project or Commencement of Project Debt Service, Whichever Occurs First)

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 $2,576.00 for each residential connection. Connections for nonresidential use shall be paid in accordance with a residential usage equivalent schedule set forth hereinafter. The funds collected from the capacity improvement capital cost fee shall be maintained in a separate fund by the Water System and shall be used only for the purpose of improving the water system treatment, storage and transmission facilities. These charges shall also be paid by customers of the water system who resell water supplied by the City to its customers in the same amount as if those connected to the resale equivalent for other that single family residential units for the capacity improvements capital cost free are as follows:

RESIDENTIAL USAGE EQUIVALENTS

UNIT	WATER GALLONS/DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches With Kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
Bar & Cocktail Lounge	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
Institutions:		
Hospital	250/bed	1.67/bed
Nursing Home	150/bed	1.0/bed
Others	75/bed	0.5/bed
Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
Mobile Home Park	150/unit space	1.0 unit space
Motels	120/room	0.8/room
Retail Stores	400/toilet room	2.67/toilet room
Residence	150/residence	1.0 residence
School:		
Day, no cafeteria/Showers	15/pupil	0.1/pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria/Showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
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 adopted by the City Council on March 21, 2016, effective for all service rendered on or after July 1, 2016. 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	$14.07	per 1,000 gallons		
Next	8,000 gallons used per month	$10.12	per 1,000 gallons		
	All over	10,000 gallons used per month		$9.20	per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than $28.14 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, $53.44 per month.

RESALE RATE

$6.53 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).

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

UNIT	WATER GALLONS/DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches with kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
Bar & Cocktail Lounge (additive)	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/per seat
Hotel	120/room	0.8/per room
Industry, sanitary	15/person/shift	0.1/person per shift
Institutions:		
Hospital	250/bed	1.67/bed
Nursing Homes	150/bed	1.0/bed
Others	75/person	0.5/person
Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
Motels	120/room	0.8/room
Retail Stores	400/toilet room	2.67/toilet room
Residence	150/residence	1.0/residence
School:		
Day, no cafeteria/showers	15/pupil	0.1/pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria/showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100 ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Capacity Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the sewer department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

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, 2015. (See "APPENDIX C – FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN.")

Retirement System Contributions (source: City Audits)

Fiscal Years Ended June 30	2010	2011	2012	2013	2014	2015
City Contribution Amount(1)	$124,530	$137,336	$158,110	$149,918	$155,799	$162,876

(1) Fiscal Years Ended June 30, 2010, 2011, 2012, 2013 and 2014 include contributions made on behalf of Charles Town Utility Board employees.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY OF CHARLES TOWN UTILITY BOARD FOR THE FISCAL YEAR ENDING JUNE 30, 2015

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, 2015
RFP # 14-009

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CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

FOR THE YEAR ENDED JUNE 30, 2015

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PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

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Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT

March 23, 2016

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, 2015, 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.

Auditor's Responsibility (Continued)

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.

Basis for Qualified Opinion

The Utility Board has elected not to record the 2015 OPEB expense that, 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 $22,912, and net position would decrease by $22,912 as of June 30, 2015. Additionally, expenses would increase by $22,912 for the year ending June 30, 2015. In addition the Utility Board has elected not to record previous periods OPEB expense that, 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 $676,903 as of June 30, 2015.

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, 2015, 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, during the year ended June 30, 2015, the Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

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 and schedules of net pension liabilities and pension contributions*, 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 23, 2016 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 & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
(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, 2015. Please read it in conjunction with the Utility Board's financial statements.

FINANCIAL HIGHLIGHTS

The Utility Board's net position increased $11.5 million as a result of this year's operations. Net position of the water fund increased $0.4 million compared to the previous year, or 14 percent. Net position of the sewer fund increased by $11.1 million, or 236 percent compared to the previous year. The increase in sewer net position reflects $10.9 million of state capital grant funding awarded and earned in 2015.

The Utility Board's operating revenues increased by $0.3 million and operating expenses increased $0.3 million compared to the previous year. Water fund operating revenues decreased by $0.1 million and water fund operating expenses decreased by $0.2 million compared to the previous year. Sewer fund operating revenues increased $0.4 million and sewer operating expenses increased $0.5 million compared to the previous year.

Operating income increased $0.1 million for the water fund and decreased at $0.1 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. 68, the Utility Board has reported a collective net pension liability of $0.3 million, pension related deferred outflows of $0.2 million, and pension related inflows of $0.3 million.

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 asset/deferred outflows and liabilities/deferred inflows 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).

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.

4. Pension Restatement

The information necessary to restate the beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 operating expenses still include pension expense of $155,684 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $34,216. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$5,640,903
Pension expense under GASB 68	(34,216)
2015 contractually required contribution	162,876
Adjusted 2015 program expenses	5,769,563
Total 2014 program expense under GASB 27	5,253,928
Increase in program expenses not related to pension	$ 515,635

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)

	Water		Sewer		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 3.7	$ 4.0	$ 2.9	$ 2.5	$ 6.6	$ 6.5
Capital assets	14.9	14.9	30.6	28.0	45.5	42.9
Total assets	18.6	18.9	33.5	30.5	52.1	49.4
Deferred outflows of resources	0.8	0.7	0.2	0.2	1.0	0.9
Total assets and deferred outflows of resources	$ 19.4	$ 19.6	$ 33.7	$ 30.7	$ 53.1	$ 50.3
Long-term debt outstanding	$ 15.0	$ 15.7	$ 17.4	$ 25.4	$ 32.4	$ 41.1
Other liabilities	0.8	0.6	0.4	0.3	1.2	0.9
Total liabilities	15.8	16.3	17.8	25.7	33.6	42.0
Deferred inflows of resources	0.2	-	0.1	-	0.3	-
Net position:						
Net investment in capital assets	(0.1)	(0.1)	13.3	2.7	13.2	2.6
Restricted	3.0	3.3	2.0	2.0	5.0	5.3
Unrestricted	0.5	0.1	0.5	0.3	1.0	0.4
Total net position	3.4	3.3	15.8	5.0	19.2	8.3
Total liabilities, deferred inflows, and net position	$ 19.4	$ 19.6	$ 33.7	$ 30.7	$ 53.1	$ 50.3

Net position of the Utility Board as a whole increased by 131 percent ($10.9 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 $0.4 million at June 30, 2014, to $1.0 million at the end of this year.

Water net position increased by $0.1 million or 3 percent and sewer net position increased by $10.8 million or 216 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	
	2015	2014	2015	2014	2015	2014
Operating revenues	$ 3.1	$ 3.2	$ 3.3	$ 2.9	$ 6.4	$ 6.1
Operating expenses	2.8	3.0	2.8	2.3	5.6	5.3
Operating income	0.3	0.2	0.5	0.6	0.8	0.8
Non-operating revenues (expenses)	(0.3)	(0.2)	(0.3)	(0.4)	(0.6)	(0.6)
Changes in net position before capital contributions	-	-	0.2	0.2	0.2	0.2
Capital contributions	0.4	0.1	10.9	0.8	11.3	0.9
Change in net position	$ 0.4	$ 0.1	$ 11.1	$ 1.0	$ 11.5	$ 1.1

The Utility Board's operating revenues increased by $0.3 million or 5 percent. The operating expenses increased by $0.3 million or 6 percent. The analysis separately considers the operations of the water and sewer funds.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2015, 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Utility Board had $45.5 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 $2.6 million.

Table 3 - Capital Assets at Year-End (Net of Depreciation, in Millions)

	2015	2014
Capital assets not depreciated - utility plant	$ 4.6	$ 1.5
Capital assets depreciated - utility plant	61.1	59.9
Totals	65.7	61.4
Accumulated depreciation	(20.2)	(18.5)
Capital assets, net of depreciation	$ 45.5	$ 42.9

Additions for the year ended June 30, 2015 are as follows (in Millions)

Water	
Generators	$ 0.3
Equipment/mains/meters	0.2
Trucks	0.1
Water improvement projects	0.2
	0.8
Sewer	
Charles Town Phase 1/Tusc. Effluent line	3.1
Tuscawilla/Huntfield	0.3
Miscellaneous equipment/engineering	0.1
	3.5
Total 2015 additions	$ 4.3

Debt

At year-end, the Utility Board had $32.4 million in long-term debt outstanding compared to $41.1 million in the previous year.

Table 4 - Outstanding Debt at Year-End (in Millions)

Leases	$ 0.3	$ 0.3
Loans (Municipality of Charles Town)	0.6	0.6
Notes	0.1	0.1
Bonds	31.4	40.1
Total	$ 32.4	$ 41.1

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 2015 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, 2015

ASSETS AND DEFERRED OUTFLOWS

	Water Fund	Sewer Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 188,331	$ 276,098	$ 464,429
Customer accounts receivable, net of allowances	154,256	80,082	234,338
Grants receivable	-	137,521	137,521
Other accounts receivable	-	10,542	10,542
Due from water department	-	33,825	33,825
Due from associated companies	-	113,578	113,578
Inventory, at cost	87,935	1,768	89,703
Accrued utility revenue	279,954	178,668	458,622
Total current assets	710,476	832,082	1,542,558
RESTRICTED ASSETS			
Debt service funds	1,661,655	955,868	2,617,523
Construction funds	-	566,477	566,477
Capacity improvement funds	1,349,705	398,913	1,748,618
Repair and replacement funds	63,901	92,936	156,837
Total restricted assets	3,075,261	2,014,194	5,089,455
CAPITAL ASSETS			
Utility plant in service	27,140,901	34,491,399	61,632,300
Less: accumulated depreciation and amortization	12,652,154	7,522,752	20,174,906
Net utility plant in service	14,488,747	26,968,647	41,457,394
Construction in progress	381,597	3,642,651	4,024,248
Total capital assets	14,870,344	30,611,298	45,481,642
Total assets	18,656,081	33,457,574	52,113,655
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized amounts from refunding of debt	643,283	168,519	811,802
Defined benefit pension plan contribution	98,017	64,859	162,876
Collective deferred outflows related to pension	1,002	668	1,670
Total deferred outflows	742,302	234,046	976,348
Total assets and deferred outflows	$ 19,398,383	$ 33,691,620	$ 53,090,003

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2015

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 194,823	$ 91,212	$ 286,035
Accrued expenses	207,291	107,416	314,707
Customer deposits	134,361	69,512	203,873
Due to sewer fund	33,825	-	33,825
Capital lease payable (current portion)	73,079	6,798	79,877
Notes payable (current portion)	800	8,597	9,397
Total current liabilities (payable from current assets)	644,179	283,535	927,714
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	665,194	780,498	1,445,692
Accrued revenue bond interest payable	90,881	42,716	133,597
Total current liabilities (payable from restricted assets)	756,075	823,214	1,579,289
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)			
Revenue bonds payable	13,504,849	16,415,415	29,920,264
Capital lease payable	231,127	-	231,127
Notes payable	-	20,279	20,279
Accrued expenses	49,815	20,153	69,968
Loan from Charles Town	465,280	124,251	589,531
Collective net pension liability	177,548	118,369	295,917
Total long-term liabilities	14,428,619	16,698,467	31,127,086
Total liabilities	15,828,873	17,805,216	33,634,089
DEFERRED INFLOWS OF RESOURCES			
Collective deferred inflows related to pension	187,821	125,214	313,035
Total liabilities and deferred inflows	16,016,694	17,930,430	33,947,124
NET POSITION			
Net investment in capital assets	(69,985)	13,255,460	13,185,475
Restricted	2,984,380	1,971,478	4,955,858
Unrestricted	467,294	534,252	1,001,546
Total net position	3,381,689	15,761,190	19,142,879
Total liabilities, deferred inflows and net position	$ 19,398,383	$ 33,691,620	$ 53,090,003

See accompanying notes to financial statements.

Charles Town Utility Board

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended June 30, 2015

	Water Fund	Sewer Fund	Totals
OPERATING REVENUES			
Sales and services to customers	$ 3,138,299	$ 3,325,180	$ 6,463,479
Total operating revenues	3,138,299	3,325,180	6,463,479
OPERATING EXPENSES			
Personal services	695,900	624,436	1,320,336
Contractual services	83,823	126,926	210,749
Administrative and general	167,242	161,858	329,100
Materials and supplies	212,636	284,136	496,772
Utilities	122,000	322,159	444,159
Maintenance	732,461	463,842	1,196,303
Depreciation and amortization	823,354	820,130	1,643,484
Total operating expenses	2,837,416	2,803,487	5,640,903
Operating income	300,883	521,693	822,576
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	3,065	2,412	5,477
Interest and fiscal charges	(605,072)	(257,344)	(862,416)
Bond issuance costs	(107,013)	(85,165)	(192,178)
Miscellaneous revenues	446,420	-	446,420
Total nonoperating revenues (expenses)	(262,600)	(340,097)	(602,697)
Income before contributed capital	38,283	181,596	219,879
CONTRIBUTED CAPITAL	416,382	10,853,625	11,270,007
Change in net position	454,665	11,035,221	11,489,886
Total net position at beginning of year (Restated)	2,927,024	4,725,969	7,652,993
Total net position at end of year	$ 3,381,689	$ 15,761,190	$ 19,142,879

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 3,126,183	$ 3,314,005	$ 6,440,188
Cash paid for operation and maintenance expenses	(2,036,663)	(2,030,829)	(4,067,492)
Net cash provided by operations	1,089,520	1,283,176	2,372,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(809,220)	(3,472,383)	(4,281,603)
Bond acquisition costs paid	(107,013)	(85,165)	(192,178)
Proceeds from revenue bonds and long-term debt	2,251,286	3,745,743	5,997,029
Principal paid on revenue bonds and long-term debt	(3,010,416)	(11,830,083)	(14,840,499)
Interest paid on bonds, notes and leases payable	(548,529)	(242,899)	(791,428)
Decrease in restricted assets, net	313,857	42,070	355,927
Proceeds from capital grants	-	10,466,692	10,466,692
Other contributed capital	416,382	249,412	665,794
Net cash used in capital and related financing activities	(1,493,653)	(1,126,613)	(2,620,266)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	449,485	2,412	451,897
Interest paid on refunded customer security deposits	(1,387)	(641)	(2,028)
Interdepartmental advances/repayments	35,194	(35,194)	-
Payments to other utilities	(3,179)	-	(3,179)
Repayment of City of Charles Town general fund advances	(10,430)	(2,636)	(13,066)
Net cash provided by (used in) investing activities	469,683	(36,059)	433,624
Net increase in cash and cash equivalents	65,550	120,504	186,054
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	122,781	155,594	278,375
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 188,331	$ 276,098	$ 464,429

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2015

	Water Fund	Sewer Fund	Totals
Operating income	$ 300,883	$ 521,693	$ 822,576
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	823,354	820,130	1,643,484
Decrease (increase) in receivables	9,354	10,234	19,588
Decrease (increase) in accrued revenues	(13,067)	(14,570)	(27,637)
Decrease (increase) in inventory	13,079	(1,198)	11,881
Decrease (increase) in pension deferred outflows	(5,609)	(3,253)	(8,862)
Increase (decrease) in accounts payable	25,923	1,051	26,974
Increase (decrease) in customer deposits	(8,402)	(6,841)	(15,243)
Increase (decrease) in accrued expenses	15,892	3,848	19,740
Increase (decrease) in collective net pension liability	(259,708)	(173,132)	(432,840)
Increase (decrease) in pension deferred inflows	187,821	125,214	313,035
Net cash provided by operating activities	$ 1,089,520	$ 1,283,176	$ 2,372,696

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash investing, capital, and financing transactions:
None

RECONCILIATION OF CASH

Cash per statement of net position	$ 188,331	$ 276,098	$ 464,429
Cash per statement of cash flows	$ 188,331	$ 276,098	$ 464,429

See accompanying notes to financial statements.

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 5,900 water customers and 3,200 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.

The Utility Board is a combined water and sewer utility. For purposes of establishing user rates and charges 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.

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 is capitalized on qualifying construction in process. For assets acquired with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the estimated useful lives of the assets. The Utility Board did not capitalize interest during the year ended June 30, 2015.

The depreciation/amortization of assets acquired under capital leases or in excess of predecessor book value are included in deprecation 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, 2015 includes deposits of $5,553,884 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.

Capacity improvement funds are established by ordinance. The capacity improvement fund is kept apart from all other funds. Withdrawals and disbursements are made for improvements and upgrades to the system that maintain or increase capacity to service customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets (continued)

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.

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, 2015, accounts receivable for the water and sewer funds are $154,256 and $80,082, respectively, net of allowance for doubtful accounts. The Utility Board considers all customer account recievable to be 100% collectible.

Revenue Recognition

The Utility Board's policy is to recognize revenue on the accrual basis. The Utility Board accrues revenue earned but not billed. Revenue accrued but not billed for the water and sewer funds at June 30, 2015 are $279,954 and $178,668, respectively.

Deferred Outflows and Inflows 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 outflows from the refunding of debt will be recognized as interest expense in the appropriate reporting period. Deferred outflows related to the Utility Board's defined benefit pension plan will be recognized based on actuarial determinations.

A deferred inflow of resources represents an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until then. Deferred inflows related to the Utility Board's defined benefit pension plan will be recognized based on actuarial determinations.

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, 2015.

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. For the water and sewer funds, compensated absences at June 30, 2015, amounted to $49,815 and $20,153, respectively.

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 Statement 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/deferred outflows and liabilities/deferred inflows 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 reflected in the financial statements and recorded through applicable "due to/due from" asset and liability accounts.

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS

The Utility Board has implemented the following new accounting pronouncements:

GASB Statement No. 68, *Items Previously Reported as Assets and Liabilities* (Statement 68) clarifies the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement 68 was effective for the Utility Board beginning with its fiscal year ended June 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*, requires a state or local government employer to recognize a net pension liability measurement as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 and were effective for the Utility Board beginning with its year ended June 30, 2015.

NOTE 3 - CASH

Cash consists of the following accounts and amounts at June 30, 2015:

	Water	Sewer	Total
Petty cash	$ 75	$ 75	$ 150
Operations and maintenance accounts	145,120	210,656	355,776
Security deposit accounts	43,136	65,367	108,503
	$188,331	$ 276,098	$ 464,429

NOTE 4 - CAPITAL ASSETS

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015
Capital Assets Not Depreciated				
Land and land rights	$ 525,800	$ -	$ -	$ 525,800
Construction in progress	990,149	4,177,234	1,143,135	4,024,248
Total Capital Assets Not Depreciated	1,515,949	4,177,234	1,143,135	4,550,048
Capital Assets Depreciated				
Utility plant in service	59,858,998	1,247,502	-	61,106,500
Less accumulated depreciation	(18,531,422)	(1,643,484)	-	(20,174,906)
Net Capital Assets Depreciated	41,327,576	(395,982)	-	40,931,594
Total Capital Assets	$ 42,843,525	$ 3,781,252	$ 1,143,135	$ 45,481,642

NOTE 5 - LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2015:

Bonds Payable - Water Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due Within One Year
1987B	2026	0.00%	$ 141,505	$ -	$ 10,885	$ 130,620	$ 10,885
1988B	2028	0.00%	214,608	-	14,308	200,300	14,308
1989B	2029	0.00%	48,198	-	3,012	45,186	3,012
2002A	2039	5.80%	965,991	-	16,818	949,173	17,793
2002B	2042	0.00%	2,618,180	-	93,507	2,524,673	93,507
2002C	2032	3.85%-5.00%	1,986,153	14,300	83,600	1,916,853	72,450
2003A	2032	5.50%-5.63%	800,000	-	800,000	-	-
2006B	2026	5.00%-5.25%	1,435,000	-	1,435,000	-	-
2009A	2029	3.60%-5.00%	4,600,800	-	332,100	4,268,700	247,050
2010A	2031	2.00%	787,805	-	40,009	747,796	40,815
2010B	2031	2.00%	86,338	-	4,384	81,954	4,474
2013B	2043	4.70%	1,136,500	-	19,000	1,117,500	20,900
2014C	2033	2.50%-4.75%	-	820,000	-	820,000	30,000
2014E	2026	1.50%-3.40%	-	1,425,000	50,000	1,375,000	110,000
Total Bonds Payable			$ 14,821,078	$2,259,300	$ 2,902,623	14,177,755	$ 665,194
				Unamortized Premiums/ Discounts, Net		(7,712)	
						$ 14,170,043	

Maturities of water bonds payable for years succeeding June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	$ 665,194	$ 469,095	$ 1,134,289
2017	687,439	451,439	1,138,878
2018	703,563	431,007	1,134,570
2019	725,965	409,491	1,135,456
2020	748,457	386,529	1,134,986
2021-2025	4,106,734	1,538,917	5,645,651
2026-2030	3,497,814	789,817	4,287,631
2031-2035	1,560,527	333,250	1,893,777
2036-2040	1,030,664	149,805	1,180,469
2041-2043	451,398	28,045	479,443
	$ 14,177,755	$ 4,987,395	$ 19,165,150

Bonds Payable - Sewer Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due Within One Year
1988B	2028	0.00%	$ 113,806	$ -	$ 7,588	$ 106,218	$ 7,588
1998 Design	2019	2.00%	132,259	-	24,136	108,123	24,622
2000A	2021	2.00%	1,336,341	-	166,839	1,169,502	170,202
2002C	2032	3.85%-5.00%	1,183,847	-	40,700	1,143,147	42,550
2006A	2028	5.00%-5.25%	1,435,000	-	1,435,000	-	-
2009A	2028	3.60%-5.00%	1,079,200	-	77,900	1,001,300	57,950
2010C	2041	0.00%	1,124,996	-	41,668	1,083,328	41,668
2010D	2041	0.00%	449,996	-	16,668	433,328	16,668
2011A	2041	0.00%	12,473,624	209,250	6,398,458	6,284,416	250,373
2011B	2032	0.00%	2,000,000	-	2,000,000	-	-
2012A	2039	0.00%	1,493,995	6,005	1,500,000	-	-
2013A	2044	0.50%	394,361	110,640	13,744	491,257	18,405
2013B	2043	4.70%	1,833,500	-	31,000	1,802,500	34,100
2014A	2046	0.50%	202,946	1,974,848	-	2,177,794	31,372
2014D	2028	3.00%-5.00%	-	1,445,000	50,000	1,395,000	85,000
Total Bonds Payable			$ 25,253,871	$3,745,743	$11,803,701	$ 17,195,913	$ 780,498

Maturities of sewer bonds payable for years succeeding June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	$ 780,498	$ 320,214	$ 1,100,712
2017	883,724	338,189	1,221,913
2018	899,351	324,849	1,224,200
2019	913,866	310,946	1,224,812
2020	903,411	293,779	1,197,190
2021-2025	4,038,614	1,176,968	5,215,582
2026-2030	3,653,726	758,323	4,412,049
2031-2035	2,564,699	451,271	3,015,970
2036-2040	2,061,625	285,148	2,346,773
2041-2045	496,399	52,068	548,467
	$ 17,195,913	$ 4,311,755	$ 21,507,668

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, 2015.

NOTE 5 - LONG-TERM DEBT (continued)

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, 2015.

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.	$ 800

Scheduled maturities of the note for the years succeeding June 30, 2015 are estimated as follows:

Year	Principal	Interest	Total
2016	$ 800	$ 5	$ 805
	$ 800	$ 5	$ 805

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.	$ 25,058
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.	3,818
Total	$ 28,876

Scheduled maturities of the notes for the years succeeding June 30, 2015 are estimated as follows:

Year	Principal	Interest	Total
2016	$ 8,597	$ 1,425	$ 10,022
2017	5,080	1,098	6,178
2018	5,399	779	6,178
2019	5,738	440	6,178
2020	4,062	94	4,156
	$ 28,876	$ 3,836	$ 32,712

NOTE 6 - 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, 2015.

Leased Equipment	Expiration	Water Fund Remaining Minimum (net of interest) Lease Payments	Sewer Fund Remaining Minimum (net of interest) Lease Payments
Various utility improvements, equipment, and vehicles	2016-2020		
Total capital leases payable at June 30, 2015		$ 304,206	$ 6,798
Less: Current portion due in upcoming year		(73,079)	-
Long-term capital leases payable at June 30, 2015 (net of current portion)		$ 231,127	$ 6,798

Estimated minimum future lease payments under the capital leases as of June 30, 2015 are as follows:

Water

Year	Principal	Interest	Total
2016	$ 73,079	$ 9,522	$ 82,601
2017	82,525	7,159	89,684
2018	63,854	3,946	67,800
2019	58,477	1,925	60,402
2020	26,271	225	26,496
	$ 304,206	$ 22,777	$ 326,983

Sewer

Year	Principal	Interest	Total
2016	$ 6,798	$ 359	$ 7,157

NOTE 7 - PENSION PLAN

Plan Description

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 WVPERS is included as part of the West Virginia Consolidated Public Retirement Board. The retirement plan is reported as a pension trust fund of West Virginia. The Consolidated Public Retirement Board issues a separate financial report for the pension plan. This report can be viewed at www.wvretirement.com or obtained at 4101 MacCorkle Avenue, S.E., Charleston, WV 25304.

Pension Benefits Provided

The pension plan covers all 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.

The WVPERS plan provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

Contributions

Per Chapter 5, Article 10 of the West Virginia State Code, members contribute 4.5% of annual earnings. The State and non-state governmental employers' contribution rate was 14.0% of covered employees' annual earnings for fiscal year ended June 30, 2015. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the Board.

The employer contributions for the year ended June 30, 2015 were $98,017 and $64,859 for the water and sewer funds, respectively. The employee contributions for the water and sewer funds for the year ended June 30, 2015 were $31,505 and $20,848. Total covered payroll for the year ended June 30, 2015 for the water and sewer funds was $700,121 and $463,279, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, for the water and sewer funds, the Utility Board reported a liability of $177,548 and $118,369, respectively for its proportionate share of the collective net pension liability. The net pension liability, deferred inflow of resources, deferred outflow of resources and pension expense were determined by actuarial valuations as of July 1, 2013 rolled forward to June 30, 2014, which is the measurement date.

For the year ended June 30, 2015, the Utility Board recognized for the water and sewer funds, pension expense of $20,530 and $13,686, respectively. As of June 30, 2015, the Utility Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7 - PENSION PLAN (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

A deferred outflow of resources related to the pension plan results from the Utility Board's contributions subsequent to the measurement date of $98,017 and $64,859 for the water and sewer funds, respectively. Also deferred outflows include differences between employer and plan proportionate share of contributions of $1,002 and $668 for the water and sewer funds, respectively. Total deferred outflows of resources related to the pension plan were $99,019 and $65,627 for the water and sewer funds, respectively.

The deferred inflow of resources related to the pension plan resulted from the net difference between projected and actual investment earnings on pension plan investments of $187,821 and $125,214 for the water and sewer funds, respectively.

The amount reported as deferred outflows of resources related to the pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year ending June 30	Water	Sewer
2016	$(46,621)	$(31,081)
2017	(46,621)	(31,081)
2018	(46,621)	(31,081)
2019	(46,956)	(31,303)
2020	-	-
Thereafter	-	-
	$(186,819)	$(124,546)

Actuarial Assumptions

The June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Investment Rate of Return = 7.5%
Projected Salary Increases = 4.25 - 6%
Inflation = 2.2%

Mortality rate - The mortality rates used were Healthy males - 1983 GAM; Healthy females - 1971 GAM; Disabled males - 1971 GAM; Disabled females - Revenue Ruling 96-7.

The date range in the most recent experience study was 2004 - 2009.

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the defined benefit plan:

NOTE 7 - PENSION PLAN (continued)

Actuarial Assumptions (continued)

US Equity (Russell 3000) 7.6%
International Equity (ACWI ex US) 8.5%
Core Fixed Income 2.9%
High Yield 4.8%
TPS 2.9%
Real Estate 6.8%
Private Equity 9.9%
Hedge Funds 5.0%
Inflation (CPI) 2.2%

Discount Rate - The discount rate used to measure the total pension liability was 7.5% for the defined benefit plan. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of the defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of the plan.

Sensitivity of the Utility Board's proportionate share of the net pension liability to changes in the discount rate - The following presents the Utility Board's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Utility Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50) percent than the current rate:

Sensitivity of the Discount Rate	1% Decrease	Current	1% Increase
Water and sewer fund net pension liability	$ 836,148	$ 295,917	$ (164,417)

NOTE 8 - 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 2015 and certain preceding years which is required under Generally Accepted Accounting Principles.

NOTE 9 - 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 10 - 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 $465,280 and $124,251 for the water and sewer departments, respectively, at June 30, 2015.

NOTE 11 - RESTRICTED NET POSITION

Restricted net position reflects that portion of total net position legally or contractually segregated for a specific future use. The following amounts represent restricted net position at June 30, 2015:

Cash and temporary investments	
Debt service and debt service reserve funds	$2,617,523
Repair and replacement funds	156,837
Capacity improvement funds	1,748,618
Construction funds	566,477
Accrued interest	(133,597)
Total	$4,955,858

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Utility Board is in the construction phase of various water and sewer projects with estimated costs of approximately $14.6 million. Costs incurred through June 30, 2015 amount to approximately $4.0 million. The projects are being financed with the proceeds from bond issuances, grant awards, and internal capacity improvement funds.

NOTE 13 - NET POSITION

The following adjustment was made to net position at July 1, 2014 for the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*:

	Water	Sewer	Total
Net position, as originally stated	$3,270,869	$4,955,198	$8,226,067
Add:			
Deferred outflow of resources-employer retirement contributions made during the year ended June 30, 2014 (the measurement period)	93,410	62,274	155,684
Deduct:			
Net pension liabilities at July 1, 2013	(437,255)	(291,503)	(728,758)
Net position, as restated	$2,927,024	$4,725,969	$7,652,993

Charles Town Utility Board
Required Supplemental Information
SCHEDULE OF THE UTILITY BOARD'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
Last 10 Fiscal Years

	2014
Proportionate share of net pension liability (%)	0.08%
Proportionate share of net pension liability ($)	$ 295,917
Covered-employee payroll	$1,095,816
Proportionate share of net position liability as a % of its covered-employee payroll	25.4%

Note: This data will be presented prospectively until ten years is accumulated.

Charles Town Utility Board
Required Supplemental Information
SCHEDULE OF THE UTILITY BOARD'S PENSION PLAN CONTRIBUTIONS
Last 10 Fiscal Years

	2015
Statutorily required contributions	$ 162,876
Actual contributions to PERS	$ 162,876
Contribution deficiency (excess)	$ -
Utility Board's covered-employee payroll	$ 1,163,400
Contributions as a percentage of covered-employee payroll	14.0%

Note: This data will be presented prospectively until ten years is accumulated.

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2015

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through ID Number	Federal Expenditures
U. S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the West Virginia Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Funds	66.458	544392/54496	$ 2,300,743
Total Federal Awards Expenditures			**$ 2,300,743**

CHARLES TOWN UTILITY BOARD
JEFERRSON COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the Year Ended June 30, 2015

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.

PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
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 23, 2016

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, 2015, 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 23, 2016 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, 2015, and wherein we noted the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27" and Governmental Accounting Standards Board Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

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.

Internal Control Over Financial Reporting (Continued)

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.

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

PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
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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 23, 2016

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, 2015. 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.

Auditor's Responsibility (Continued)

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.

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, 2015.

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.

Report on Internal Control Over Compliance (Continued)

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
JEFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2015

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 2015-001

Material Weakness

OPEB Liability

The Utility Board has elected not to record the 2015 OPEB expense that, 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 $22,912, and net position would decrease by $22,912 as of June 30, 2015. Additionally, expenses would increase by $22,912 for the year ending June 30, 2015. In addition the Utility Board has elected not to record previous periods OPEB expense that, 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 $676,903 as of June 30, 2015.

CHARLES TOWN UTILITY BOARD
JEFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2015-001 (CONTINUED)

OPEB Liability (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, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2014-001	OPEB Liability	No	Repeated as Finding 2015-001

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF STEPTOE & JOHNSON]
(Form of Opinion of Bond Counsel)

August 18, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax-Exempt)

City of Charles Town
Charles Town, West Virginia

Crews and Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance, sale, and the initial delivery on the date hereof, by the City of Charles Town, West Virginia (the "Issuer") of its $3,895,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds").

The Series 2016 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 July 18, 2016, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Ordinance.

The Series 2016 B Bonds are issued in fully registered form, are dated August 18, 2016, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1 commencing December 1, 2016, all as set forth in the Ordinance.

The Ordinance provides that the Series 2016 B Bonds are issued for the purpose of: (i) financing the costs of the acquisition and construction of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the combined waterworks and sewerage system of the City; (ii) funding the Series 2016 B Bonds Reserve Account with the purchase of

a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) capitalizing interest on the Series 2016 B Bonds to and including June 1, 2017; (iv) paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) paying costs of issuance of the Series 2016 B Bonds and related costs.

The Series 2016 B Bonds have been sold to Crews and Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated August 4, 2016 (the "Bond Purchase Agreement"), accepted by the Issuer.

In connection with our engagement as Bond Counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion. 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 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 and have relied upon, and have assumed, due compliance with the provisions of, the proceedings and other documents.

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 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 and political subdivision 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 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 2016 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 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 2016 B Bonds; and has issued and delivered the Series 2016 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 (where applicable), 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 2016 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: (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"); (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"); (20) 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"); (21) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated November 19, 2015, issued in the original aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and (22) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A (Tax-Exempt), dated March 17, 2016, issued in the original aggregate principal amount of $7,695,000 (the "Series 2016 A Bonds") (collectively, the "Prior Bonds"). The Series 2016 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. We have examined the executed and authenticated Series 2016 B Bonds of said issue, and in our opinion, said Series 2016 B Bonds are in proper form and have been duly executed and authenticated.

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 2016 B Bonds is excluded from the 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; *provided, that* the interest on the Series 2016 B Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations. Ownership of tax-exempt obligations, including the Series 2016 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 2016 B Bonds. Prospective purchasers of the Series 2016 B Bonds should consult their own tax advisors as to such consequences.

The opinions set forth in this paragraph 6 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 the Treasury Regulations promulgated thereunder (collectively, the *"Code"*) that must be satisfied in order for interest on the Series 2016 B Bonds 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 2016 B Bonds set forth in the Ordinance, the Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2016 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2016 B Bonds.

7. Under the Act, the Series 2016 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 2016 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 2016 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2016 B Bonds and the enforceability of the Series 2016 B Bonds, the Ordinance, 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 2016 B Bonds.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

This opinion is intended solely for the benefit of the addressees and may not be relied upon by any other person or entity without, in each such case, our express written consent.

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 an ordinance enacted by the Council of the City on July 5, 2016, as supplemented by a Supplemental Parameters Resolution adopted by the Council of the City on July 18, 2016 and a Certificate of Determination executed by the Mayor on August 4, 2016 (collectively, the "Ordinance"), the City authorized the issuance of its $3,895,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"). The Series 2016 B Bonds were sold pursuant to the terms of a Bond Purchase Agreement dated August 4, 2016, by and between the Crews & Associates, Inc. (the "Underwriter") and the City (the "Purchase Agreement").

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 Ordinance 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 of the City which include the System or if the System is not included in the City's Audited Financial Statements, the Audited Financial Statements of the System and the City, for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the City and 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, 2016, 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 City[1];

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.

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[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) If a Dissemination Agent is appointed, such 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 such 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 any appointed 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 either filed by the City on EMMA or 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 Ordinance, 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 18th day of August, 2016.

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: $3,895,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt)

Date of Issuance: August 18, 2016

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, 2015 for Illustrative Purposes Only)

Name of Issuer:	City of Charles Town (West Virginia)
Name of Issue:	$3,895,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt)
Date of Issuance:	August 18, 2016
Operating Data For Fiscal Year Ending:	June 30, 2015

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, 2015 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, 2015

	Customers At Year End	Population Served
Charles Town	2,444	6,281
Ranson	1,100	2,871
Jefferson County	1,804	4,780
Total	5,348	13,932

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)
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083
2015	5,896	3,233

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted) for the past five Fiscal Years

Fiscal Year (June 30)	Residential & Commercial	Other	Total
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
2015	369,152	996	370,148

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

FORM OF ORDINANCE

CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B
(TAX EXEMPT)

BOND ORDINANCE

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CITY OF CHARLES TOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE certificate AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System, consisting of (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer;

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

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the sewerage portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"), such Series 2016 B Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 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 AND FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 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 of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2016 B Bonds shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser relating to the sale and purchase of the Series 2016 B Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2016 B Bonds.

"Bond Year" means with respect to each series of the Series 2016 B Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2016 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, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 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, where appropriate, the Council, and any successor thereto.

"City Council" or "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.

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

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

"Consulting Engineers" means Rummel, Klepper & Kahl, LLP, Keyser, West Virginia, or any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Continuing Disclosure Certificate" means the agreement delivered by the Issuer to disseminate annual financial information and material event disclosures as required by Rule 15c2-12.

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

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

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

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

"DTC-eligible" means, with respect to the Series 2016 B Bonds, meeting the qualifications prescribed by DTC.

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, and all other items of income which have been established as reasonably anticipated annual income 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 Certified Public Accountant" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time

hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

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

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

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2016 B Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2016 B Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2016 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 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 the investment of proceeds of the Series 2016 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2016 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2016 B Bonds.

"Official Statement" means a document or set of documents prepared by an issuer of municipal securities or its representatives setting forth, among other matters, information concerning the Issuer of such municipal securities and the proposed issue of securities that is complete as of the date of delivery of the document or set of documents to the Original Purchaser.

"Operating Expenses" unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 B Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2016 B Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 hereof; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2016 B 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 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds.

"Prior Ordinances" means, collectively, the ordinance 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.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including (i) decommissioning the Patrick Henry and Wal-Mart pump stations, (ii) construction of one new replacement pump station along Somerset Boulevard, (iii) construction of a sewer force main from Somerset pump station to Willow Spring, (iv) installation of approximately 700 linear feet of gravity sewer along Patrick Henry Way and Route 340, (v) construction of a new pump station adjacent to the existing Willow Spring wastewater treatment plant and construction of an intermediate pump station, (vi) installation of approximately 7,000 linear feet of force main, (vii) modifications to the existing Samuel Street pump station, (viii) decommissioning the existing Willow Spring wastewater treatment plant, and all necessary appurtenances.

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 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 2016 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 2016 B Bonds are privately placed, the price paid by the first buyer of the Series 2016 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 2016 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 2016 B Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2016 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 any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2016 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 1986 as amended.

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

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

"Rule 15c2-12" means Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

"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 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, dated November 19, 2015, issued in the aggregate principal amount of $2,750,000.

"Series 2015 B Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, dated November 19, 2015, issued in the aggregate principal amount of $4,355,000.

"Series 2016 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A, dated March 8, 2016, issued in the aggregate principal amount of $7,695,000.

"Series 2016 B Bonds Construction Fund" means the Series 2016 B Bonds Construction Fund created by Section 4.01 hereof.

"Series 2016 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2016 B Bonds Costs of Issuance Fund" means the Series 2016 B Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2016 B Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2016 B Bonds Reserve Account" means the Series 2016 B Bonds Reserve Account created in the Series 2016 B Bonds Sinking Fund by Section 4.02 hereof.

"Series 2016 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 B Bonds, (ii) Maximum Annual Debt

Service at the time of original issuance of the Series 2016 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 B Bonds.

"Series 2016 B Bonds Sinking Fund" means the Series 2016 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2016 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 or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Original Purchaser, Bond Purchase Agreement, Bond Insurer provisions (if any) and other terms of the Series 2016 B Bonds and authorizing the sale of the Series 2016 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 or the Series 2016 B Bonds.

"System" means the complete existing combined municipal waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Project 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.

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2016 B Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

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

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

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

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

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

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

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the Issuer, that there be acquired and constructed certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the Project, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt), in the aggregate principal amount of not more than $5,000,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 B Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2016 B Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2016 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 (the "Bond Purchase Agreement"), as shall be approved by the Supplemental Resolution of the Issuer.

F. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2016 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");

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");

20. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 A, dated November 19, 2015, issued in the aggregate principal amount of $2,750,000 (the "Series 2015 A Bonds");

21. Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015 B, dated November 19, 2015, issued in the aggregate principal amount of $4,355,000 (the "Series 2015 B Bonds"); and

22. Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 A, dated March 17, 2016, issued in the aggregate principal amount of $7,695,000 (the "Series 2016 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A 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".

Prior to the issuance of the Series 2016 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 of the Registered Owners of the Prior Bonds to the issuance of the Series 2016 B Bonds on a parity with such Prior Bonds if required by the Prior Ordinances. The Series 2013 B Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds do not require written 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 intends to issue the Series 2016 B Bonds and to pledge for payment thereof, the Gross Revenues of the System, on a parity with each other and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2016 B Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2016 B Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance and the Prior Ordinances.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2016 B Bonds, and secure the Series 2016 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2016 B Bonds Reserve Account, unexpended proceeds of the Series 2016 B Bonds and as further set forth herein.

J. The Series 2016 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 2016 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 2016 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 2016 B Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 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 authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2016 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 2016 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 Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $5,000,000. The proceeds of the Series 2016 B Bonds hereby authorized shall be applied as provided herein. The Series 2016 B Bonds are hereby authorized, to be issued in one or more series, in the aggregate principal amount of not more than $5,000,000.

ARTICLE III

THE SERIES 2016 B BONDS

Section 3.01. Form and Payment of Bonds. No Series 2016 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 B Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2016 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 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 2016 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 2016 B Bonds shall be in default, Bonds issued in exchange for Series 2016 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 2016 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 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 2016 B Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2016 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 2016 B Bonds are redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2016 B Bond in the principal amount of said Series 2016 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2016 B Bonds shall be executed in the name of the Issuer by the Mayor, by his manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2016 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 2016 B Bonds shall be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2016 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 Series 2016 B Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2016 B BONDS attached hereto and incorporated herein by reference with respect to the Series 2016 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2016 B Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2016 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 2016 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2016 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, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2016 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 B Bonds. The Series 2016 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 2016 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 2016 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 2016 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 B Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2016 B Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 B 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 2016 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2016 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 destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2016 B Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2016 B Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2016 B Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2016 B Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2016 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.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2016 B Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2016 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2016 B 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 2016 B Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2016 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice.

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

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

If funds sufficient to redeem all Series 2016 B Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2016 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2016 B Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2016 B Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2016 B 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 2016 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 or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2016 B Bonds. For the purposes of paying a portion of the costs of acquisition and construction of improvements and betterments to the sewerage portion of the System, paying capitalized interest, if any, funding the Series 2016 B Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2016 B Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $5,000,000. Said Series 2016 B Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 B Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2016 B Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $5,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 6%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 30 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2016 B Bonds. A. The Series 2016 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2016 B Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2016 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided, that if DTC shall request that the Series 2016 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2016 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2016 B Bond or any other evidence of ownership of the Series 2016 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2016 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2016 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2016 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2016 B Bonds shall be made to DTC or its nominee at the addresses set forth in the

Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2016 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2016 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2016 B Bonds so redeemed, but DTC may retain such Series 2016 B Bonds and make an appropriate notation on the Series 2016 B Bonds certificate as to the amount of such partial redemption; provided, that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2016 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2016 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2016 B Bonds, selecting the Series 2016 B Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2016 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2016 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2016 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2016 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2016 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2016 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2016 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2016 B Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2016 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2016 B Bonds.

Section 3.12. Delivery of Series 2016 B Bonds. The Issuer shall execute and deliver the Series 2016 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 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 2016 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 2016 B Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2016 B Bonds by Bond Counsel; and

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

Section 3.13. Form of Series 2016 B Bonds. The definitive Series 2016 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 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 2016 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 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 2016 B Bonds. Upon the issuance and delivery of the Series 2016 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued, if any, on the Series 2016 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2016 B Bonds Sinking Fund and applied to payment of interest on the Series 2016 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2016 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 2016 B Bonds Reserve Account; provided, that to the extent the Series 2016 B Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2016 B Bonds shall be deposited in the Series 2016 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 B Bonds Reserve Requirement.

3. The amount of Series 2016 B Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 B Bonds shall be deposited with the Depository Bank in the Series 2016 B Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 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 2016 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 B Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 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 2016 B Bonds from which such proceeds are derived.

4. The balance of Series 2016 B Bonds proceeds, if any, shall be deposited in the Series 2016 B Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2016 B Bonds Construction Fund. Disbursements from the Series 2016 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2016 B Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2016 B Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by 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 (except as set forth in this Section 4.01), 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) Rebate Fund (established by Prior Ordinances); and

(5) Series 2016 B Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued if established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(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 2010 A Bonds Sinking Fund (established by Prior Ordinances);

(18) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);

(19) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);

(20) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);

(21) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);

(22) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);

(23) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);

(24) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);

(25) Series 2011 A Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2011 A Bonds Reserve Account (established by Prior Ordinances);

(27) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);

(28) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);

(29) Series 2013 B Bonds Sinking Fund (established by Prior Ordinances);

(30) Series 2013 B Bonds Reserve Account (established by Prior Ordinances);

(31) Series 2014 A Bonds Sinking Fund (established by Prior Ordinances);

(32) Series 2014 A Bonds Reserve Account (established by Prior Ordinances);

(33) Series 2014 C Bonds Sinking Fund (established by Prior Ordinances);

(34) Series 2014 C Bonds Reserve Account (established by Prior Ordinances);

(35) Series 2014 D Bonds Sinking Fund (established by Prior Ordinances);

(36) Series 2014 D Bonds Reserve Account (established by Prior Ordinances);

(37) Series 2014 E Bonds Sinking Fund (established by Prior Ordinances);

(38) Series 2014 E Bonds Reserve Account (established by Prior Ordinances);

(39) Series 2015 A Bonds Sinking Fund (established by Prior Ordinances);

(40) Series 2015 A Bonds Reserve Account (established by Prior Ordinances);

(41) Series 2015 B Bonds Sinking Fund (established by Prior Ordinances);

(42) Series 2015 B Bonds Reserve Account (established by Prior Ordinances);

(43) Series 2016 A Bonds Sinking Fund (established by Prior Ordinances);

(44) Series 2016 A Bonds Reserve Account (established by Prior Ordinances);

(45) Series 2016 B Bonds Sinking Fund; and

(46) Series 2016 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 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, each month on or before the due date, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required to be paid by Prior Ordinances for the interest on the Series 1998 Bonds, Series 2000 A Bonds, Series 2002 A 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, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds and Series 2016 A Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 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 2016 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2016 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 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 Commission (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) for deposit in the Series 2016 B Bonds Sinking Fund (and in the Series 2016 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2016 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2016 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2016 B Bonds on the next ensuing principal payment or mandatory Redemption Date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 B Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2016 B Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2016 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the respective Prior Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2016 B Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2016 B Bonds, for deposit in the Series 2016 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 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 2016 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2016 B Bonds Reserve Account, as a result of a decrease in value of the Series 2016 B Bonds Reserve Account below the Series 2016 B Bonds Reserve Account Requirement or any withdrawal from the Series 2016 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2016 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 B Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 B Bonds Reserve Account is less than the Series 2016 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 B Bonds Reserve Account for deposit into the Series 2016 B Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 B Bonds Reserve Account to an amount equal to the Series 2016 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available;

provided, however, that if the shortfall in the Series 2016 B Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 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 2016 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2016 Reserve Account Requirement.

Amounts in the Series 2016 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2016 B Bonds when due, when amounts in the Series 2016 B Bonds Sinking Fund are insufficient therefor 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) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2016 B Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2016 B Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2016 B Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE

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

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

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

(A) Qualified Investments acquired for the Series 2016 B Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2016 B Bonds Reserve Account to the Series 2016 B Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2016 B Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2016 B Bonds Reserve Account an amount at least equal to the Series 2016 B Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2016 B Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2016 B Bonds Reserve Account shall, at any time, be less than the applicable Series 2016 B Bonds 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 Sinking Fund and otherwise in accordance with Section 4.03.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2016 B Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2016 B Bonds 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. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser, the form of which shall be approved by the Supplemental Resolution, sufficient to ensure compliance with Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and Clerk to take all actions necessary for the Issuer to comply with the continuing disclosure certificate.

Section 5.03. Arbitrage and Tax Exemption. The Issuer covenants 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 2016 B Bonds which would cause the Series 2016 B 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 implied limitation, the timely filing of a federal information return with respect to the Series 2016 B Bonds) so that the interest on the Series 2016 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 5.04. 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 Bond 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 2016 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 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.

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 2016 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 2016 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 2016 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 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 monies in the Series 2016 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2016 B Bonds or money in the Series 2016 B Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2016 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2016 B Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2016 B Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2016 B Bonds, all monies and securities in the Series 2016 B Bonds Sinking Fund, including the Series 2016 B Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2016 B Bonds herein authorized, to make the payments into the Series 2016 B Bonds Sinking Fund, all monies and securities in the Series 2016 B Bonds Sinking Fund, the Series 2016 B Bonds Reserve Account 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 2016 B Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted on March 2, 2015 and the sewer rate ordinance of the Issuer enacted March 21, 2016, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2016 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance and in compliance with this Ordinance. In the event the schedule of rates and charges initially established for the System in connection with the Series 2016 B Bonds shall prove to be insufficient to produce the required sums set forth in this Ordinance, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance.

Prior to the issuance of the Series 2016 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 City 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 (a) so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 B Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2016 B Bonds including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 90 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2016 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 defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2016 B Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Gross Revenues of the System.

The foregoing provision notwithstanding, the Issuer 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 may provide for the sale of such property. 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 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 not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund.

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 any applicable Bond Insurer, if any, and the Holders, or their duly authorized representatives, of 51% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer, if any, and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues with the Series 2016 B Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Series 2016 B 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 2016 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 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 on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable.

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition and 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 to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2016 B Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Ordinance then Outstanding; and

(3) The additional Parity Bonds then proposed to be issued.

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

The Net Revenues actually derived from the System during the 12 consecutive month period herein above 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 Certified Public 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 has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and

their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. 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 Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens 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, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Provided, however, that if the most recent audit by an independent certified public accountant for the Issuer states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Ordinance for the year being audited and the Issuer has, as required by Section 6.04, sought a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the Issuer from issuing additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2016 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 rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

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

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

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

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

C. 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 Jefferson County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the 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, member and employee of the Issuer or the Governing Body 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.

The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event 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 6.11. Enforcement of Collections. The Issuer 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 further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System 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 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The 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 Series 2016 B Bond, 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 Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Series 2016 B Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

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

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and

found to be a hazard to the health, safety, comfort and welfare of the residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 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 2016 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may obtain a Municipal Bond Insurance Policy for the Series 2016 B Bonds. In the event such Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2016 B Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 B Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.18. 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 2016 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 the Series 2016 B Bonds during the term thereof is, under the terms of the Series 2016 B 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) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2016 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 2016 B Bonds during the term thereof is, under the terms of the Series 2016 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 2016 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2016 B Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2016 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 2016 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2016 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 2016 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 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2016 B Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Certificate in such form as may be approved by the Supplemental Resolution, and the Mayor are authorized and directed to execute and deliver such Continuing Disclosure Certificate on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of such Certificate by the Mayor.

Section 6.20 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2016 B Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2016 B Bonds and as the Mayor may approve (the "Official Statement"). The execution of the Official Statement by the Mayor shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

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 2016 B Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2016 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

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

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

(C) Bring suit upon the Series 2016 B Bonds, as applicable;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

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

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

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2016 B Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2016 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, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2016 B Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2016 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The

Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2016 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2016 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2016 B Bonds, the first exchange of Series 2016 B Bonds and the exchange of Series 2016 B Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2016 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 Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2016 B Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2016 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 Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately; provided, that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2016 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument; provided, that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2016 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2016 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 Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2016 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 monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2016 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, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2016 B Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2016 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 monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to

redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2016 B Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2016 B Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer; provided, that in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2016 B Bonds then Outstanding and affected thereby and the Bond Insurer, if any, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2016 B Bonds required for consent to any such modification or amendment.

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

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of

such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

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

C. The amount of fully registered Series 2016 B Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2016 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 Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

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

Section 10.04. Cancellation of Bonds. All Series 2016 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 Bonds shall be deemed Outstanding under this Ordinance and no Series 2016 B Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2016 B Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer, if any, 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:

ISSUER
City of Charles Town
P.O. Box 14
Charles Town, West Virginia 25414
Attention: Mayor

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

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attn: Executive Director

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

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

BOND INSURER
[Name(s) and address(es) to be set forth in the Supplemental Resolution, if any]

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

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

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2016 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 Holders of the Series 2016 B Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 B Bonds, the Bond Insurer, if any, and the Original Purchaser.

Section 10.10. Reserved

Section 10.11. 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 10.12. Table of Contents and Headlines. 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 10.13. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Spirit of Jefferson Advocate*, a newspaper of general circulation in the City of Charles Town, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2016 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

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

First Reading:	May 16, 2016
Second Reading:	June 6, 2016
Effective following Public Hearing held on:	July 18, 2016

CITY OF CHARLES TOWN

_____

Mayor

SEAL

ATTEST:

_____

City Clerk

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of the CITY OF CHARLES TOWN at a regular meeting of the City Council held on July 18, 2016.

[SEAL]

_____

City Clerk

EXHIBIT A – FORM OF SERIES 2016 B BONDS

[DTC Legend]

No. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX EXEMPT)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)" (the "Series 2016 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2016 B Bonds, and (iii) to pay certain costs of issuance of the Series 2016 B Bonds and related costs. The Series 2016 B Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2016, and supplemented by a supplemental resolution adopted by said Council on _____, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 B Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 B Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Charles Town, West Virginia.

[The Series 2016 B Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer] .]

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE 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");

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");

20. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 A, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,750,000 (THE "SERIES 2015 A BONDS");

21. COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 B, DATED NOVEMBER 19, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,355,000 (THE "SERIES 2015 B BONDS"); AND

22. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 A, DATED MARCH 8, 2016, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,695,000 (THE "SERIES 2016 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, SERIES 2014 E BONDS, SERIES 2015 A BONDS, SERIES 2015 B BONDS, AND SERIES 2016 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

The Series 2016 B Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

_____
* Final Maturity

In the event of any redemption of less than all outstanding Series 2016 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 B Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 B Bonds are to be redeemed, the Series 2016 B Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2016 B Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2016 B Bond or Series 2016 B Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2016 B Bonds or portions of Series 2016 B 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 2016 B Bonds or portions of Series 2016 B Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2016 B Bond.

The Series 2016 B Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2016 B Bonds Sinking Fund, and the Series 2016 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 B Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 B Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account and said unexpended Series 2016 B Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 B Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2016 B Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 B Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2016 B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2016 B Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2016 B Bonds of which this Series 2016 B Bond is one.

This Series 2016 B Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2016 B Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2016 B 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 Series 2016 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2016 B Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF CHARLES TOWN (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2016 B Bond to be dated as of the Series 2016 B Bond Date specified above.

[SEAL]

_____

Mayor

ATTEST:

_____

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2016 B Bond is one of the fully registered Series 2016 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2016 B Bonds.

Dated: _____, 2016.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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

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 2016 B Bonds. The Series 2016 B 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 2016 B Bond certificate will be issued for each maturity of the Series 2016 B 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 2016 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 B 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 2016 B 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 2016 B Bonds, except in the event that use of the book-entry system for the Series 2016 B Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2016 B 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 2016 B 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 2016 B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 B 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 2016 B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 B Bonds documents. For example, Beneficial Owners of Series 2016 B Bonds may wish to ascertain that the nominee holding the Series 2016 B 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 2016 B 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 2016 B 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 2016 B 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 2016 B 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 2016 B Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2016 B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 B Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2016 B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 B 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 2016 B 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 2016 B 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 2016 B 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 Revenues as principal of and interest on the Series 2016 B Bonds on a parity with the Prior Bonds.

Fiscal Year	Parity Debt	Series 2016 A	Series 2016 B	Total
2017	$ 2,115,135	$ 399,368	$ 100,485	$ 2,514,503
2018	2,142,852	428,631	127,825	2,571,483
2019	2,149,743	430,431	127,825	2,580,175
2020	2,120,967	432,791	152,825	2,553,758
2021	2,120,412	429,731	157,450	2,550,143
2022	2,013,061	431,331	257,000	2,444,392
2023	1,927,050	432,569	174,400	2,359,618
2024	1,923,593	428,429	173,400	2,352,022
2025	1,911,428	429,019	172,325	2,340,446
2026	1,913,079	428,469	176,250	2,341,548
2027	1,759,914	432,769	179,050	2,192,683
2028	1,597,175	429,769	206,650	2,026,944
2029	1,455,894	431,569	248,050	1,887,462
2030	1,167,146	432,969	247,650	1,600,115
2031	1,149,760	432,844	247,050	1,582,604
2032	1,099,550	432,269	246,250	1,531,818
2033	1,105,383	431,244	250,250	1,536,627
2034	830,241	429,769	248,850	1,260,010
2035	829,392	432,844	247,250	1,262,236
2036	828,284	430,244	245,450	1,258,528
2037	826,914	432,194	248,450	1,259,108
2038	830,035	431,519	247,900	1,261,554
2039	827,645	430,494	247,200	1,258,138
2040	829,850	429,119	246,350	1,258,969
2041	755,920	432,394	250,350	1,188,314
2042	448,738	430,144	249,050	878,881
2043	356,222	432,094	247,600	788,315
2044	351,813	428,500	246,000	780,313
2045	151,098	429,544	249,250	580,641
2046	109,337	430,044	247,200	539,381
	$37,647,628	$12,893,100	$6,465,635	$50,540,728

APPENDIX I

BOND INSURANCE

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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("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 March 31, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.0 million, $41.6 million and $433.4 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/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles 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 Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles 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 Credit Profiles 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 Credit Profiles 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

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: $_____

SPECIMEN

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: ISSUER_NAME, STATE_NAME

Policy No: @@POLICY_NO@@

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date: @@CLOSING_DATE@@

BONDS: $_____ in aggregate principal amount of ISSUE_NAME, SERIES

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

Maximum Policy Limit: $@@DSRF_POLICY_LIMIT@@

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.

SPECIMEN

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.

SPECIMEN

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:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN

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:

SPECIMEN

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016 B (TAX-EXEMPT)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Underwriter"), that she 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 Revenue Bonds, Series 2016 B (Tax-Exempt) (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 Certificate, 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 28th day of July, 2016.

CITY OF CHARLES TOWN,
WEST VIRGINIA

By: _____
Mayor: Peggy A. Smith

$3,895,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016 B (TAX-EXEMPT)

BOND PURCHASE AGREEMENT

August 4, 2016

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 Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds" or "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 Ordinance.

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 its own legal, financial and other advisors to the extent it has deemed appropriate.

1. The proceeds of the Series 2016 B Bonds shall be used to: (i) finance the costs of the acquisition, construction and equipping of certain additions, betterments and improvements (collectively, the "Project") to the existing combined waterworks and sewerage system of the City (the "System"); (ii) capitalize interest on the Series 2016 B Bonds to and including July 1, 2017; (iii) fund the Series 2016 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (v) pay costs of issuance of the Series 2016 B Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of, the ordinance enacted by the City Council of the City on July 18, 2016 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on July 18, 2016 (the "Supplemental Parameters Resolution"), and a Certificate of Determinations, signed by the Mayor of the City, on August 4, 2016 (the "Certificate of Determinations" and, collectively with the Original Ordinance and the Supplemental Parameters Resolution, the "Ordinance"). The Bonds shall be secured by the Gross Revenues derived by the City from the operation of the System and the monies on deposit in, and with respect to the Series 2016 B Bonds Reserve Account, the Series 2016 B Reserve Policy pledged, the Series 2016 B Bonds Sinking Fund and the Series 2016 B Bonds Reserve Account therein, on parity with 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 2016 B Bonds, at an aggregate purchase price of $3,997,250.47 ($3,895,000.00 minus Underwriter's discount of $30,018.83 plus a net original issue premium of $132,269.30).

The Series 2016 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 June 1 and December 1 (each an "Interest Payment Date"), commencing December 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 July 28, 2016 (the "Preliminary Official Statement"), and prior to delivery of the Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the City by its Mayor as requested below.

3. The Official Statement has been approved for distribution by the Ordinance. The City authorizes the use of copies of the Official Statement and the Ordinance in connection with the public offering and sale of the Bonds.

On July 28, 2016, 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 it may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the City so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the City will furnish such information with respect to itself as the Underwriter from time to time reasonably requests. The Underwriter hereby agrees that it will deposit or cause to be deposited with the Municipal Securities Rulemaking Board a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the City that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the City from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on August 18, 2016, or such other date 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 the parties to this Agreement mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Ordinance. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the City. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided, that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on August 15, 2016. 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"). Pursuant to 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 the purposes provided in the Ordinance and to enter into this Purchase Agreement, to enact the Ordinance and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The information contained in the Preliminary Official Statement dated July 28, 2016, 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 this paragraph 5, subparagraph (i) hereof) 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 Bonds (as determined in accordance with paragraph 5, 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 this 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 Bonds (as determined in accordance with paragraph 5, 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 paragraph 5, 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 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 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 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 Bonds for all purposes of the Rule;

(j) At or prior to the Closing, the City shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(k) The City has duly authorized all necessary action to be taken by it for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (2) the execution and delivery of the Ordinance and the Undertaking; (3) the approval of the Official Statement and the execution, distribution and delivery of the Official Statement by the Mayor of the City; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Ordinance and the Official Statement;

(l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the City payable solely from the Gross Revenues of the System and moneys pledged therefor under the Ordinance and will be entitled to the benefit of the Ordinance. Neither the credit nor the taxing power of the City shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of, premium, if any, or the interest on the Bonds;

(m) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City (or, to the best knowledge of the City, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, the Undertaking, this Purchase Agreement or any agreement or instrument to which the City is a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, this Purchase Agreement or any agreement or instrument to which 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 Ordinance and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, to the best knowledge of the City, 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 Ordinance will be payable solely out of the Gross Revenues and other income, charges and moneys derived by the City from, or in connection with the System, nor shall any member, official or employee of the City be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the City made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Ordinance and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the City in writing of 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 or 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 therein, 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 due to (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or

escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds; or

(vii) There shall have been any materially adverse change in the affairs of the City; and

(c) At or prior to the Closing, the Underwriter and the City shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(i) An opinion, dated the date of the Closing and addressed to the City and the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the form attached as Appendix D to the Official Statement;

(ii) A supplemental bond counsel opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that (1) this Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriter and that it is a binding agreement of the Underwriter in accordance with its terms) constitutes a binding agreement 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 Ordinance is 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 present 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 "Financing Plan," "The Series 2016 B Bonds," "Security for the Series 2016 B Bonds" (except for the statements referred to therein under "Appendix G - Book-Entry Only System" with respect to The Depository Trust Company), "Absence of Material Litigation," "Appendix D – Form of Opinion of Bond Counsel," and "Appendix F – Form of Ordinance" insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, 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, special 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 and State Law 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 March 2, 2015 and March 21, 2016, respectively, are in full force and effect and are not subject to appeal, (5) no litigation is pending, or to their knowledge threatened, in any court in any way affecting the existence of the City or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of 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 Ordinance or this Purchase Agreement,

or contesting the powers of the City with respect to the Bonds, the Ordinance, 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," "The System," "Absence of Material Litigation," "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, 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 City and that it is a binding agreement of the City 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 his 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 Ordinance, 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 "Financing Plan," "The System," "Absence of Material Litigation," and "Appendix B—The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein;

(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 Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (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 Ordinance, (4) to the best knowledge of such signatory following appropriate inquiry, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and 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 is 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 hereto;

(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 and evidence that the City has adopted post issuance continuing disclosure procedures;

(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 Ordinance and the Prior Ordinances;

(xii) A Certificate of the Registrar to the effect that all conditions precedent contained in the Ordinance for the issuance of the Bonds have been met, and the Bonds are entitled to the benefit and security of the Ordinance;

(xiii) The Ordinance, certified by the City Clerk under the seal of the City, as having been duly 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 2016 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) A tax and arbitrage certificate of the City;

(xvi) A consent from the holders of the Prior Bonds, if required, to the issuance of the Bonds on a parity with the Prior Bonds;

(xvii) Evidence of the issuance of municipal bond insurance for the Series 2016 B Bonds from BAM, and evidence of a separate municipal bond debt service reserve policy provided for the Series 2016 B Bonds Reserve Account from BAM;

(xviii) Evidence of "AA" rating from S&P Global Ratings, based on the BAM Insurance Policy;

(xix) Evidence that the City has received bids for the construction of the Project consistent with the Plan of Financing; and

(xx) 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) the bond insurance premium and debt service reserve policy premium; (ix) all rating agency fees; and (x) 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:

August 4, 2016 at 4:30 p.m. EST

City of Charles Town, West Virginia

By:_____
Its: Mayor

EXHIBIT A

$3,895,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016 B (TAX-EXEMPT)

TERM BONDS

$55,000	**1.500% Term Bonds Due June 1, 2021 at**	**100.000%**	**CUSIP: 160028 FH4**
$180,000	**2.000% Term Bonds Due June 1, 2023 at**	**100.000%**	**CUSIP: 160028 FJ0**
$100,000	**2.150% Term Bonds Due June 1, 2025 at**	**100.000%**	**CUSIP: 160028 FK7**
$115,000	**4.000% Term Bonds Due June 1, 2027* at**	**115.291%**	**CUSIP: 160028 FL5**
$510,000	**4.000% Term Bonds Due June 1, 2031* at**	**112.577%**	**CUSIP: 160028 FM3**
$820,000	**4.000% Term Bonds Due June 1, 2036* at**	**110.296%**	**CUSIP: 160028 FN1**
$980,000	**3.000% Term Bonds Due June 1, 2041 at**	**98.788%**	**CUSIP: 160028 FP6**
$1,135,000	**3.000% Term Bonds Due June 1, 2046 at**	**98.061%**	**CUSIP: 160028 FQ4**

***Priced to optional par call date of June 1, 2026**

Optional Redemption

The Series 2016 B Bonds maturing on and after June 1, 2027, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2026, in whole or in part at any time, 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 2016 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2016 B Bonds shall be given as described in "APPENDIX G – BOOK-ENTRY ONLY SYSTEM" attached hereto.

Mandatory Sinking Fund Redemption

The Series 2016 B Bonds maturing June 1, 2021, June 1, 2023, June 1, 2025, June 1, 2027, June 1, 2031, June 1, 2036, June 1, 2041, and June 1, 2046, are subject to annual mandatory redemption prior to maturity by random selection on June 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 2021

Year (June 1)	Principal Amount
2020	$25,000
2021**	$30,000

**Final maturity.

Bonds Maturing 2023

Year (June 1)	Principal Amount
2022	$130,000
2023**	$50,000

**Final maturity.

Bonds Maturing 2025

Year (June 1)	Principal Amount
2024	$50,000
2025**	$50,000

**Final maturity.

Bonds Maturing 2027

Year (June 1)	Principal Amount
2026	$55,000
2027**	$60,000

**Final maturity.

Bonds Maturing 2031

Year (June 1)	Principal Amount
2028	$90,000
2029	$135,000
2030	$140,000
2031**	$145,000

**Final maturity.

Bonds Maturing 2036

Year (June 1)	Principal Amount
2032	$150,000
2033	$160,000
2034	$165,000
2035	$170,000
2036**	$175,000

**Final maturity.

Bonds Maturing 2041

Year (June 1)	Principal Amount
2037	$185,000
2038	$190,000
2039	$195,000
2040	$200,000
2041**	$210,000

**Final maturity.

Bonds Maturing 2046

Year (June 1)	Principal Amount
2042	$215,000
2043	$220,000
2044	$225,000
2045	$235,000
2046**	$240,000

**Final maturity.

If less than all of the Series 2016 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.

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016 B (TAX-EXEMPT)

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 an ordinance enacted by the Council of the City on July 5, 2016, as supplemented by a Supplemental Parameters Resolution adopted by the Council of the City on July 18, 2016 and a Certificate of Determination executed by the Mayor on August 4, 2016 (collectively, the "Ordinance"), the City authorized the issuance of its $3,895,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Series 2016 B Bonds"). The Series 2016 B Bonds were sold pursuant to the terms of a Bond Purchase Agreement dated August 4, 2016, by and between the Crews & Associates, Inc. (the "Underwriter") and the City (the "Purchase Agreement").

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-l2.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance 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 of the City which include the System or if the System is not included in the City's Audited Financial Statements, the Audited Financial Statements of the System and the City, for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the City and 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, 2016, 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 City[1];

[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

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) If a Dissemination Agent is appointed, such 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 such 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 any appointed 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 either filed by the City on EMMA or 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).

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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.

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 Ordinance, 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 18th day of Aug, 2016.

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: $3,895,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt)

Date of Issuance: August 18, 2016

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, 2015 for Illustrative Purposes Only)

Name of Issuer:	City of Charles Town (West Virginia)
Name of Issue:	$3,895,000 City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt)
Date of Issuance:	August 18, 2016
Operating Data For Fiscal Year Ending:	June 30, 2015

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, 2015 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, 2015

	Customers At Year End	Population Served
Charles Town	2,444	6,281
Ranson	1,100	2,871
Jefferson County	1,804	4,780
Total	5,348	13,932

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)
2011	5,565	2,931
2012	5,637	2,907
2013	5,716	2,880
2014	5,827	3,083
2015	5,896	3,233

Water Usage – Annual Gallons Sold (PSC Annual Reports) (000 Omitted) for the past five Fiscal Years

Fiscal Year (June 30)	Residential & Commercial	Other	Total
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
2015	369,152	996	370,148

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

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:

P-2487 04/99

SCHEDULE A
(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[Beneficial Owners of the Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds
Series 2016 B (Tax-Exempt)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 18th day of August, 2016, 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 $3,895,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt), (the "Series 2016 B Bonds" or "Bonds"), in fully registered form pursuant to a Bond Ordinance enacted July 18, 2016, as supplemented by a Supplemental Parameters Resolution adopted July 18, 2016 (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 2016 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
101 East Washington Street
Charles Town, West Virginia 25414

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

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.

[Remainder of Page Intentionally Blank]

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 Tabs 1 and 2]

WV MUNICIPAL BOND COMMISSION
State Lottery Building
900 Pennsylvania Avenue, Suties 1117
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 8/18/16

ISSUE: City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt)

ADDRESS: 101 East Washington Street, Charles Town, WV 25414 COUNTY: Jefferson

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 08/18/16
CLOSING DATE: 08/18/16
ISSUE AMOUNT: $3,895,000
RATE: 1.5% - 4.0%
1ST DEBT SERVICE DUE: 12/01/16
1ST PRINCIPAL DUE 06/01/20
1ST DEBT SERVICE AMOUNT $36,572.15
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		Accrued Interest:	$
	Check	x	Capitalized Interest:	$ 100,484.65
			Reserve Account:	$
			Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:			
	Wire		To Escrow Trustee $
	Check		To Issuer $
	IGT		To Cons. Invest. Fun $
			To Other: $

NOTES: The Series 2016 B Bonds Reserve Account will be funded with a Surety Bond.

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

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B
FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16
(BAM/Non-Rated - Non-Bank Qualifed)

Sources & Uses

Dated 08/18/2016 | Delivered 08/18/2016

Sources Of Funds	
Par Amount of Bonds	$3,895,000.00
Reoffering Premium	132,269.30
Total Sources	**$4,027,269.30**

Uses Of Funds	
Total Underwriter's Discount (0.771%)	30,018.83
Costs of Issuance	120,354.52
Gross Bond Insurance Premium (50.0 bp)	32,328.17
Surety Bond	8,352.50
Deposit to Capitalized Interest (CIF) Fund	100,484.65
Deposit to Project Fund	3,735,730.63
Total Uses	**$4,027,269.30**

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Summary Of Underwriter's Discount

Maturity	Concession	+ Takedown	= Total	Issuance Value	Total Takedown
06/01/2021	-	0.500%	0.500%	55,000.00	275.00
06/01/2023	-	0.500%	0.500%	180,000.00	900.00
06/01/2025	-	0.625%	0.625%	100,000.00	625.00
06/01/2027	-	0.625%	0.625%	115,000.00	718.75
06/01/2031	-	0.625%	0.625%	510,000.00	3,187.50
06/01/2036	-	0.750%	0.750%	820,000.00	6,150.00
06/01/2041	-	0.750%	0.750%	980,000.00	7,350.00
06/01/2046	-	0.750%	0.750%	1,135,000.00	8,512.50
Total	-	-	-	**$3,895,000.00**	**$27,718.75**

Underwriting & Issuance Expenses

Total Average Takedown (0.712%)	$27,718.75
Total Underwriters Expenses (0.059%)	$2,300.08
TOTAL UNDERWRITING SPREAD (0.771%)	$30,018.83

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		Dollar Price
06/01/2021	Term 1 Coupon	1.500%	1.500%	55,000.00	100.000%		55,000.00
06/01/2023	Term 2 Coupon	2.000%	2.000%	180,000.00	100.000%		180,000.00
06/01/2025	Term 3 Coupon	2.150%	2.150%	100,000.00	100.000%		100,000.00
06/01/2027	Term 4 Coupon	4.000%	2.250%	115,000.00	115.291%	c	132,584.65
06/01/2031	Term 5 Coupon	4.000%	2.540%	510,000.00	112.577%	c	574,142.70
06/01/2036	Term 6 Coupon	4.000%	2.790%	820,000.00	110.296%	c	904,427.20
06/01/2041	Term 7 Coupon	3.000%	3.070%	980,000.00	98.788%		968,122.40
06/01/2046	Term 8 Coupon	3.000%	3.100%	1,135,000.00	98.061%		1,112,992.35
Total	-	-	-	**$3,895,000.00**	-	-	**$4,027,269.30**

Bid Information

Par Amount of Bonds	$3,895,000.00
Reoffering Premium or (Discount)	132,269.30
Gross Production	$4,027,269.30
Total Underwriter's Discount (0.771%)	$(30,018.83)
Bid (102.625%)	3,997,250.47
Total Purchase Price	$3,997,250.47
Bond Year Dollars	$78,841.90
Average Life	20.242 Years
Average Coupon	3.2604929%
Net Interest Cost (NIC)	3.1308024%
True Interest Cost (TIC)	3.0987342%

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2016	-	-	36,572.15	36,572.15
06/01/2017	-	-	63,912.50	63,912.50
12/01/2017	-	-	63,912.50	63,912.50
06/01/2018	-	-	63,912.50	63,912.50
12/01/2018	-	-	63,912.50	63,912.50
06/01/2019	-	-	63,912.50	63,912.50
12/01/2019	-	-	63,912.50	63,912.50
06/01/2020	25,000.00	1.500%	63,912.50	88,912.50
12/01/2020	-	-	63,725.00	63,725.00
06/01/2021	30,000.00	1.500%	63,725.00	93,725.00
12/01/2021	-	-	63,500.00	63,500.00
06/01/2022	130,000.00	2.000%	63,500.00	193,500.00
12/01/2022	-	-	62,200.00	62,200.00
06/01/2023	50,000.00	2.000%	62,200.00	112,200.00
12/01/2023	-	-	61,700.00	61,700.00
06/01/2024	50,000.00	2.150%	61,700.00	111,700.00
12/01/2024	-	-	61,162.50	61,162.50
06/01/2025	50,000.00	2.150%	61,162.50	111,162.50
12/01/2025	-	-	60,625.00	60,625.00
06/01/2026	55,000.00	4.000%	60,625.00	115,625.00
12/01/2026	-	-	59,525.00	59,525.00
06/01/2027	60,000.00	4.000%	59,525.00	119,525.00
12/01/2027	-	-	58,325.00	58,325.00
06/01/2028	90,000.00	4.000%	58,325.00	148,325.00
12/01/2028	-	-	56,525.00	56,525.00
06/01/2029	135,000.00	4.000%	56,525.00	191,525.00
12/01/2029	-	-	53,825.00	53,825.00
06/01/2030	140,000.00	4.000%	53,825.00	193,825.00
12/01/2030	-	-	51,025.00	51,025.00
06/01/2031	145,000.00	4.000%	51,025.00	196,025.00
12/01/2031	-	-	48,125.00	48,125.00
06/01/2032	150,000.00	4.000%	48,125.00	198,125.00
12/01/2032	-	-	45,125.00	45,125.00
06/01/2033	160,000.00	4.000%	45,125.00	205,125.00
12/01/2033	-	-	41,925.00	41,925.00
06/01/2034	165,000.00	4.000%	41,925.00	206,925.00
12/01/2034	-	-	38,625.00	38,625.00
06/01/2035	170,000.00	4.000%	38,625.00	208,625.00
12/01/2035	-	-	35,225.00	35,225.00
06/01/2036	175,000.00	4.000%	35,225.00	210,225.00
12/01/2036	-	-	31,725.00	31,725.00
06/01/2037	185,000.00	3.000%	31,725.00	216,725.00
12/01/2037	-	-	28,950.00	28,950.00
06/01/2038	190,000.00	3.000%	28,950.00	218,950.00

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2038	-	-	26,100.00	26,100.00
06/01/2039	195,000.00	3.000%	26,100.00	221,100.00
12/01/2039	-	-	23,175.00	23,175.00
06/01/2040	200,000.00	3.000%	23,175.00	223,175.00
12/01/2040	-	-	20,175.00	20,175.00
06/01/2041	210,000.00	3.000%	20,175.00	230,175.00
12/01/2041	-	-	17,025.00	17,025.00
06/01/2042	215,000.00	3.000%	17,025.00	232,025.00
12/01/2042	-	-	13,800.00	13,800.00
06/01/2043	220,000.00	3.000%	13,800.00	233,800.00
12/01/2043	-	-	10,500.00	10,500.00
06/01/2044	225,000.00	3.000%	10,500.00	235,500.00
12/01/2044	-	-	7,125.00	7,125.00
06/01/2045	235,000.00	3.000%	7,125.00	242,125.00
12/01/2045	-	-	3,600.00	3,600.00
06/01/2046	240,000.00	3.000%	3,600.00	243,600.00
Total	**$3,895,000.00**	-	**$2,570,634.65**	**$6,465,634.65**

Yield Statistics

Bond Year Dollars	$78,841.90
Average Life	20.242 Years
Average Coupon	3.2604929%
Net Interest Cost (NIC)	3.1308024%
True Interest Cost (TIC)	3.0987342%
Bond Yield for Arbitrage Purposes	3.0209047%
All Inclusive Cost (AIC)	3.3872404%

IRS Form 8038

Net Interest Cost	3.0286592%
Weighted Average Maturity	19.991 Years

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Proof of Premium Bond Selection of Call Dates/Prices

Maturity	Call Date	Call Price	PV at Bond Yield	Lowest?
06/01/2027	-	-	124,910.50	No
06/01/2027	06/01/2026	100.000%	124,482.15	Yes
06/01/2031	-	-	564,827.25	No
06/01/2031	06/01/2026	100.000%	552,051.29	Yes
06/01/2036	-	-	930,081.03	No
06/01/2036	06/01/2026	100.000%	887,611.88	Yes

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
08/18/2016	-	-	-
12/01/2016	-	36,572.15	36,572.15
06/01/2017	-	63,912.50	63,912.50
12/01/2017	-	63,912.50	63,912.50
06/01/2018	-	63,912.50	63,912.50
12/01/2018	-	63,912.50	63,912.50
06/01/2019	-	63,912.50	63,912.50
12/01/2019	-	63,912.50	63,912.50
06/01/2020	25,000.00	63,912.50	88,912.50
12/01/2020	-	63,725.00	63,725.00
06/01/2021	30,000.00	63,725.00	93,725.00
12/01/2021	-	63,500.00	63,500.00
06/01/2022	130,000.00	63,500.00	193,500.00
12/01/2022	-	62,200.00	62,200.00
06/01/2023	50,000.00	62,200.00	112,200.00
12/01/2023	-	61,700.00	61,700.00
06/01/2024	50,000.00	61,700.00	111,700.00
12/01/2024	-	61,162.50	61,162.50
06/01/2025	50,000.00	61,162.50	111,162.50
12/01/2025	-	60,625.00	60,625.00
06/01/2026	1,445,000.00	60,625.00	1,505,625.00
12/01/2026	-	31,725.00	31,725.00
06/01/2027	-	31,725.00	31,725.00
12/01/2027	-	31,725.00	31,725.00
06/01/2028	-	31,725.00	31,725.00
12/01/2028	-	31,725.00	31,725.00
06/01/2029	-	31,725.00	31,725.00
12/01/2029	-	31,725.00	31,725.00
06/01/2030	-	31,725.00	31,725.00
12/01/2030	-	31,725.00	31,725.00
06/01/2031	-	31,725.00	31,725.00
12/01/2031	-	31,725.00	31,725.00
06/01/2032	-	31,725.00	31,725.00
12/01/2032	-	31,725.00	31,725.00
06/01/2033	-	31,725.00	31,725.00
12/01/2033	-	31,725.00	31,725.00
06/01/2034	-	31,725.00	31,725.00
12/01/2034	-	31,725.00	31,725.00
06/01/2035	-	31,725.00	31,725.00
12/01/2035	-	31,725.00	31,725.00
06/01/2036	-	31,725.00	31,725.00
12/01/2036	-	31,725.00	31,725.00
06/01/2037	185,000.00	31,725.00	216,725.00
12/01/2037	-	28,950.00	28,950.00

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
06/01/2038	190,000.00	28,950.00	218,950.00
12/01/2038	-	26,100.00	26,100.00
06/01/2039	195,000.00	26,100.00	221,100.00
12/01/2039	-	23,175.00	23,175.00
06/01/2040	200,000.00	23,175.00	223,175.00
12/01/2040	-	20,175.00	20,175.00
06/01/2041	210,000.00	20,175.00	230,175.00
12/01/2041	-	17,025.00	17,025.00
06/01/2042	215,000.00	17,025.00	232,025.00
12/01/2042	-	13,800.00	13,800.00
06/01/2043	220,000.00	13,800.00	233,800.00
12/01/2043	-	10,500.00	10,500.00
06/01/2044	225,000.00	10,500.00	235,500.00
12/01/2044	-	7,125.00	7,125.00
06/01/2045	235,000.00	7,125.00	242,125.00
12/01/2045	-	3,600.00	3,600.00
06/01/2046	240,000.00	3,600.00	243,600.00
Total	**$3,895,000.00**	**$2,228,634.65**	**$6,123,634.65**

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Proof Of Bond Yield @ 3.0209047%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
08/18/2016	-	1.0000000x	-	-
12/01/2016	36,572.15	0.9914582x	36,259.76	36,259.76
06/01/2017	63,912.50	0.9767055x	62,423.69	98,683.45
12/01/2017	63,912.50	0.9621723x	61,494.84	160,178.29
06/01/2018	63,912.50	0.9478554x	60,579.81	220,758.10
12/01/2018	63,912.50	0.9337516x	59,678.40	280,436.50
06/01/2019	63,912.50	0.9198576x	58,790.40	339,226.89
12/01/2019	63,912.50	0.9061703x	57,915.61	397,142.50
06/01/2020	88,912.50	0.8926867x	79,371.00	476,513.50
12/01/2020	63,725.00	0.8794037x	56,040.00	532,553.51
06/01/2021	93,725.00	0.8663184x	81,195.69	613,749.20
12/01/2021	63,500.00	0.8534278x	54,192.66	667,941.86
06/01/2022	193,500.00	0.8407289x	162,681.05	830,622.91
12/01/2022	62,200.00	0.8282191x	51,515.23	882,138.14
06/01/2023	112,200.00	0.8158954x	91,543.46	973,681.60
12/01/2023	61,700.00	0.8037550x	49,591.69	1,023,273.29
06/01/2024	111,700.00	0.7917954x	88,443.54	1,111,716.83
12/01/2024	61,162.50	0.7800136x	47,707.58	1,159,424.41
06/01/2025	111,162.50	0.7684072x	85,418.06	1,244,842.48
12/01/2025	60,625.00	0.7569735x	45,891.52	1,290,733.99
06/01/2026	1,505,625.00	0.7457099x	1,122,759.44	2,413,493.43
12/01/2026	31,725.00	0.7346139x	23,305.63	2,436,799.06
06/01/2027	31,725.00	0.7236830x	22,958.84	2,459,757.90
12/01/2027	31,725.00	0.7129148x	22,617.22	2,482,375.12
06/01/2028	31,725.00	0.7023068x	22,280.68	2,504,655.80
12/01/2028	31,725.00	0.6918566x	21,949.15	2,526,604.95
06/01/2029	31,725.00	0.6815619x	21,622.55	2,548,227.50
12/01/2029	31,725.00	0.6714204x	21,300.81	2,569,528.32
06/01/2030	31,725.00	0.6614299x	20,983.86	2,590,512.18
12/01/2030	31,725.00	0.6515879x	20,671.63	2,611,183.81
06/01/2031	31,725.00	0.6418924x	20,364.04	2,631,547.84
12/01/2031	31,725.00	0.6323412x	20,061.03	2,651,608.87
06/01/2032	31,725.00	0.6229321x	19,762.52	2,671,371.39
12/01/2032	31,725.00	0.6136631x	19,468.46	2,690,839.85
06/01/2033	31,725.00	0.6045319x	19,178.77	2,710,018.63
12/01/2033	31,725.00	0.5955366x	18,893.40	2,728,912.02
06/01/2034	31,725.00	0.5866751x	18,612.27	2,747,524.29
12/01/2034	31,725.00	0.5779455x	18,335.32	2,765,859.62
06/01/2035	31,725.00	0.5693459x	18,062.50	2,783,922.11
12/01/2035	31,725.00	0.5608741x	17,793.73	2,801,715.84
06/01/2036	31,725.00	0.5525284x	17,528.96	2,819,244.81
12/01/2036	31,725.00	0.5443069x	17,268.14	2,836,512.95
06/01/2037	216,725.00	0.5362078x	116,209.63	2,952,722.58

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Proof Of Bond Yield @ 3.0209047%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/01/2037	28,950.00	0.5282291x	15,292.23	2,968,014.81
06/01/2038	218,950.00	0.5203692x	113,934.84	3,081,949.65
12/01/2038	26,100.00	0.5126262x	13,379.54	3,095,329.19
06/01/2039	221,100.00	0.5049985x	111,655.16	3,206,984.35
12/01/2039	23,175.00	0.4974842x	11,529.20	3,218,513.55
06/01/2040	223,175.00	0.4900817x	109,373.99	3,327,887.54
12/01/2040	20,175.00	0.4827894x	9,740.28	3,337,627.82
06/01/2041	230,175.00	0.4756056x	109,472.53	3,447,100.35
12/01/2041	17,025.00	0.4685287x	7,976.70	3,455,077.05
06/01/2042	232,025.00	0.4615571x	107,092.80	3,562,169.85
12/01/2042	13,800.00	0.4546893x	6,274.71	3,568,444.56
06/01/2043	233,800.00	0.4479236x	104,724.54	3,673,169.10
12/01/2043	10,500.00	0.4412586x	4,633.22	3,677,802.31
06/01/2044	235,500.00	0.4346928x	102,370.15	3,780,172.46
12/01/2044	7,125.00	0.4282246x	3,051.10	3,783,223.56
06/01/2045	242,125.00	0.4218528x	102,141.10	3,885,364.66
12/01/2045	3,600.00	0.4155757x	1,496.07	3,886,860.73
06/01/2046	243,600.00	0.4093920x	99,727.90	3,986,588.63
Total	**$6,123,634.65**	-	**$3,986,588.63**	-

Derivation Of Target Amount

Par Amount of Bonds	$3,895,000.00
Reoffering Premium or (Discount)	132,269.30
Bond Insurance Premium..... (50.0 bp)	(32,328.17)
Other Credit Enhancement Fees	(8,352.50)
Original Issue Proceeds	$3,986,588.63

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
08/18/2016	-	-	-	-	-
06/01/2020	25,000.00	100.000%	25,000.00	3.7861111x	94,652.78
06/01/2021	30,000.00	100.000%	30,000.00	4.7861111x	143,583.33
06/01/2022	130,000.00	100.000%	130,000.00	5.7861111x	752,194.44
06/01/2023	50,000.00	100.000%	50,000.00	6.7861111x	339,305.56
06/01/2024	50,000.00	100.000%	50,000.00	7.7861111x	389,305.56
06/01/2025	50,000.00	100.000%	50,000.00	8.7861111x	439,305.56
06/01/2026	55,000.00	115.291%	63,410.05	9.7861111x	620,537.79
06/01/2027	60,000.00	115.291%	69,174.60	10.7861111x	746,124.92
06/01/2028	90,000.00	112.577%	101,319.30	11.7861111x	1,194,160.53
06/01/2029	135,000.00	112.577%	151,978.95	12.7861111x	1,943,219.74
06/01/2030	140,000.00	112.577%	157,607.80	13.7861111x	2,172,798.64
06/01/2031	145,000.00	112.577%	163,236.65	14.7861111x	2,413,635.24
06/01/2032	150,000.00	110.296%	165,444.00	15.7861111x	2,611,717.37
06/01/2033	160,000.00	110.296%	176,473.60	16.7861111x	2,962,305.46
06/01/2034	165,000.00	110.296%	181,988.40	17.7861111x	3,236,865.90
06/01/2035	170,000.00	110.296%	187,503.20	18.7861111x	3,522,455.95
06/01/2036	175,000.00	110.296%	193,018.00	19.7861111x	3,819,075.59
06/01/2037	185,000.00	98.788%	182,757.80	20.7861111x	3,798,823.94
06/01/2038	190,000.00	98.788%	187,697.20	21.7861111x	4,089,192.05
06/01/2039	195,000.00	98.788%	192,636.60	22.7861111x	4,389,438.97
06/01/2040	200,000.00	98.788%	197,576.00	23.7861111x	4,699,564.69
06/01/2041	210,000.00	98.788%	207,454.80	24.7861111x	5,141,997.72
06/01/2042	215,000.00	98.061%	210,831.15	25.7861111x	5,436,515.46
06/01/2043	220,000.00	98.061%	215,734.20	26.7861111x	5,778,680.25
06/01/2044	225,000.00	98.061%	220,637.25	27.7861111x	6,130,651.14
06/01/2045	235,000.00	98.061%	230,443.35	28.7861111x	6,633,567.88
06/01/2046	240,000.00	98.061%	235,346.40	29.7861111x	7,010,054.02
Total	**$3,895,000.00**	**-**	**$4,027,269.30**	**-**	**$80,509,730.49**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	19.991 Years
Total Interest from Debt Service	2,570,634.65
Reoffering (Premium) or Discount	(132,269.30)
Total Interest	2,438,365.35
NIC = Interest / (Issue Price * Average Maturity)	3.0286592%
Bond Yield for Arbitrage Purposes	3.0209047%

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Proof of Reserve Fund Requirement

Date	Principal	Interest	TOTAL P+I
06/30/2017	-	100,484.65	100,484.65
06/30/2018	-	127,825.00	127,825.00
06/30/2019	-	127,825.00	127,825.00
06/30/2020	25,000.00	127,825.00	152,825.00
06/30/2021	30,000.00	127,450.00	157,450.00
06/30/2022	130,000.00	127,000.00	257,000.00
06/30/2023	50,000.00	124,400.00	174,400.00
06/30/2024	50,000.00	123,400.00	173,400.00
06/30/2025	50,000.00	122,325.00	172,325.00
06/30/2026	55,000.00	121,250.00	176,250.00
06/30/2027	60,000.00	119,050.00	179,050.00
06/30/2028	90,000.00	116,650.00	206,650.00
06/30/2029	135,000.00	113,050.00	248,050.00
06/30/2030	140,000.00	107,650.00	247,650.00
06/30/2031	145,000.00	102,050.00	247,050.00
06/30/2032	150,000.00	96,250.00	246,250.00
06/30/2033	160,000.00	90,250.00	250,250.00
06/30/2034	165,000.00	83,850.00	248,850.00
06/30/2035	170,000.00	77,250.00	247,250.00
06/30/2036	175,000.00	70,450.00	245,450.00
06/30/2037	185,000.00	63,450.00	248,450.00
06/30/2038	190,000.00	57,900.00	247,900.00
06/30/2039	195,000.00	52,200.00	247,200.00
06/30/2040	200,000.00	46,350.00	246,350.00
06/30/2041	210,000.00	40,350.00	250,350.00
06/30/2042	215,000.00	34,050.00	249,050.00
06/30/2043	220,000.00	27,600.00	247,600.00
06/30/2044	225,000.00	21,000.00	246,000.00
06/30/2045	235,000.00	14,250.00	249,250.00
06/30/2046	240,000.00	7,200.00	247,200.00
Total	**$3,895,000.00**	**$2,570,634.65**	**$6,465,634.65**

Compass Municipal Advisors, LLC
Public Finance - MGeorge

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Revenue Bonds, Series 2016 B

FINAL: Priced by Crews & Associates on 08.04.16 - Delivery on 08.18.16

(BAM/Non-Rated - Non-Bank Qualifed)

Proof of Reserve Fund Requirement

PROOF OF RESERVE FUND	
MAXIMUM PERIODIC DEBT SERVICE	
100 % of the Maximum Periodic Debt Service	257,000.00
AVERAGE PERIODIC DEBT SERVICE	
Total P+I	6,465,634.65
Bond Years (Delivery Date)	29.79
125 % of the Average Periodic Debt Service	271,335.97
PERCENT OF PAR	
10 % of Par	389,500.00
RESERVE REQUIREMENT	
Proof's Requirement	257,000.00

Compass Municipal Advisors, LLC
Public Finance - MGeorge

WEST VIRGINIA
Water Development Authority
Celebrating 42 Years of Service 1974 - 2016

August 18, 2016

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2016 B (Tax Exempt)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Decker & Company PLLC, 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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax Exempt), dated August 18, 2016, issued in the original aggregate principal amount of $3,895,000 (the "Series 2016 B Bonds"), by the City of Charles Town (the "Issuer"), under the terms of the Bond Legislation authorizing the Series 2016 B 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");

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304)414-0865
www.wvwda.org

(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: July 25, 2016
Member:	City of Charles Town, West Virginia	Expiration Date: September 22, 2016
Bonds:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2016B insured by BAM in aggregate principal amount not to exceed 3,895,000	
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 it 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 July 25, 2016 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

July 25, 2016
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: 7/25/16

EXHIBIT A

Specimen Municipal Bond Debt Service Reserve Insurance Policy



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: ISSUER_NAME, STATE_NAME

Policy No: @@POLICY_NO@@

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date: @@CLOSING_DATE@@

BONDS: $_____ in aggregate principal amount of ISSUE_NAME, SERIES

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

Maximum Policy Limit: $@@DSRF_POLICY_LIMIT@@

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 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

SPECIMEN

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)

SPECIMEN

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:

SPECIMEN

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 oblgation 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 @@ISSUER_NAME@@, @@STATE_NAME@@ (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 Revenue Bonds, Series 2016B [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 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,

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: City of Charles Town, West Virginia

Policy No: 2016R0598

MEMBER: City of Charles Town, West Virginia

BONDS: Combined Waterworks and Sewerage System Revenue Bonds, Series 2016B (Tax-Exempt)

Effective Date: August 18, 2016

Risk Premium: $2,570.00
Member Surplus Contribution: $5,782.50
Total Insurance Payment: $8,352.50

Maximum Policy Limit: $257,000.00

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 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 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 August 18, 2016 (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. 2016R0598 (the "Reserve Policy") with respect to the City of Charles Town, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) (the "Insured Obligations") issued under the Ordinance duly enacted on July 18, 2016, as supplemented by a Supplemental Parameters Resolution adopted on July 18, 2016 and a Certificate of Determinations executed by the Mayor on August 4, 2016 (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

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. 2016R0598, 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: Deputy General Counsel

August 18, 2016

City of Charles Town
832 S. George Street
Charles Town, WV 25414

Crews & Associates, Inc.
300 Summers Street, Ste. 930
Charleston, WV 25301

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302

RE:	Bond Insurance Policy:	Municipal Bond Insurance Policy No. 2016B0598
	DSR Policy:	Debt Service Reserve Policy No. 2016R0598
	Member:	City of Charles Town, West Virginia
	Bonds:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2016B (Tax-Exempt)

Date of the Official Statement: August 04, 2016

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,





MUNICIPAL BOND INSURANCE COMMITMENT

ISSUER:	City of Charles Town, West Virginia
MEMBER:	City of Charles Town, West Virginia
Effective Date:	July 25, 2016
Expiration Date:	September 22, 2016
BONDS:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B (Tax-Exempt) in aggregate principal amount not to exceed $3,895,000
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 Security 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. Copies of all drafts of the Security Documents shall be delivered to the BAM contacts specified in Exhibit 1.

(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 No-Litigation Certificate or a description of any 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. 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.

9. 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, including the right to receive dividends if and when declared by BAM's Board of Directors. No dividends have been paid to date, and BAM has no current expectation that any dividends will be paid.

(e) The Policy is non-assessable and creates no contingent mutual liability.

(f) 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 then available Member Surplus Contribution 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

July 25, 2016
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; and (vii) BAM has made no representation that any dividend will be declared or paid while the Bonds are outstanding, the undersigned has no reason for expecting that any dividend will be declared or paid and the potential receipt of any dividend was not a reason for acquiring the Policy. Notwithstanding anything to the contrary set forth herein, upon issuance of the Policy, the provisions set forth under subparagraphs (ii) through (vii) 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

7/25/16
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, 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. 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, 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].

v. To issue additional parity debt in accordance with the requirements set forth in the Security Documents.

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) *Insolvency.* Any reorganization or liquidation plan with respect to the Issuer [or Obligor] must be acceptable to BAM. The Trustee and each owner of the Insured Obligations hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured Obligations and agree that BAM may at any time during the continuation of any proceeding by or against the Issuer or Obligor under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured Obligations delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured Obligations with respect to the Insured Obligations in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

d) *Control by 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.

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, (iii) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) 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, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) 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. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

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. 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.

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 entitle 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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EXHIBIT 1

BAM DIRECTORY

Name	Title	Telephone	Email
BAM ATTORNEYS			
Jill Greiss	Counsel	212-235-2515	jgreiss@buildamerica.com
CLOSING COORDINATORS			
Patrice James		212-235-2559	pjames@buildamerica.com
BAM ANALYST			
Alexis Platis		212-235-2525	aplatis@buildamerica.com

EXHIBIT 2

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 March 31, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.0 million, $41.6 million and $433.4 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/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles 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 Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles 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 Credit Profiles 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 Credit Profiles 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".

EXHIBIT 3

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

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

EXHIBIT 4

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 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,

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 solely 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, or represents a direct or indirect payment for any goods or services provided to the Issuer (including the right to receive a dividend), or 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;

(ix) (a) BAM has not paid any dividends to date, (b) BAM's Board of Directors has resolved that BAM's priorities for surplus, as it accumulates, will be to preserve capital strength and claims paying resources for the benefit of its members and secondarily to return value by reducing premiums charged for its insurance, and (c) BAM has no current expectation that any dividends will be paid;

(x) BAM does not expect that a claim or any other payment will be made on or with respect to the Policy or by BAM to the Issuer; and

(xi) 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

_____
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: 2016B0598

MEMBER: City of Charles Town, West Virginia

Effective Date: August 18, 2016

BONDS: $3,895,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016B (Tax-Exempt)

Risk Premium:	$11,685.00
Member Surplus Contribution:	$20,643.17
Total Insurance Payment:	$32,328.17

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 Revenue Bonds,
Series 2016B (Tax-Exempt)
(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.

August 18, 2016

Build America Mutual Assurance Company

By: _____
Authorized Officer

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM Policy No.: 2016B0598

BONDS: $3,895,000 in aggregate principal amount of
City of Charles Town, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds, Series 2016B (Tax-Exempt)

Date of the Official Statement: August 04, 2016

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 solely 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, or represents a direct or indirect payment for any goods or services provided to the Issuer (including the right to receive a dividend), or 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;

(ix) (a) BAM has not paid any dividends to date, (b) BAM's Board of Directors has resolved that BAM's priorities for surplus, as it accumulates, will be to preserve capital strength and claims paying resources for the benefit of its members and secondarily to return value by reducing premiums charged for its insurance, and (c) BAM has no current expectation that any dividends will be paid;

(x) BAM does not expect that a claim or any other payment will be made on or with respect to the Policy or by BAM to the Issuer; and

(xi) 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: August 18, 2016

S&P Global
Ratings

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212-438-2000
reference no.: 1450666

August 5, 2016

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: ***$3,895,000 City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2016B, dated: Date of Delivery, due: June 1, 2021, 2023, 2025, 2027, 2031, 2036, 2041, 2046, (POLICY #2016B0598)***

Dear Ms. Levenstein:

S&P Global Ratings 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.

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S&P Global Ratings must receive complete documentation relating to this issue no later than 90 days after the date of this letter. S&P Global Ratings 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.

S&P Global Ratings 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 S&P Global Ratings.

Sincerely yours,

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enclosure

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