CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B
(BANK QUALIFED)

BOND ORDINANCE

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CITY OF CHARLES TOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION 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 $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFED); 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 design, acquisition, construction and equipping 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, the City has entered into an Asset Purchase Agreement (the "Agreement") with Jefferson County Public Service District (the "District") whereby the City has agreed to acquire the assets of the sanitary sewerage collection and treatment system of the District (collectively, the "District Sewer System") and the assets of the potable water distribution and storage system of the District (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets").

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to assume certain water revenue bonds of the District which are secured by the Net Revenues of the District Water System, specifically, the:

(i) Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the original aggregate principal amount of $985,350 (the "District 2014 A Bonds" or the "District Water Bonds").

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to assume certain sewer revenue bonds of the District which are secured by the Net Revenues of the District Sewer System, specifically:

(i) Sewer Revenue Bonds, Series 1988 B, dated May 5, 1988, issued in the original aggregate principal amount of $425,767 (the "District 1988 B Bonds");

(ii) Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089 (the "District 1998 B Bonds");

(iii) Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039 (the "District 1998 C Bonds");

(iv) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363 (the "District 1999 A Bonds");

(v) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $1,154,889 (the "District 2000 A Bonds"); and

(vi) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the original aggregate principal amount of $2,005,000 (the "District 2008 A Bonds").

Collectively, the District 1988 B Bonds, District 1998 B Bonds, District 1998 C Bonds, District 1999 A Bonds, District 2000 A Bonds and District 2008 A Bonds are referred to as the "District Sewer Bonds."

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to (i) pay the entire outstanding principal amount of and interest due on (hereinafter "Pay in Full" or "Payment in Full"), or (ii) deposit with the Paying Agent monies sufficient to pay the outstanding principal amount of and interest due on the earliest call date (hereinafter, "Defease" or "Defeasance"), certain obligations of the District which are either secured by first or junior lien on the Net Revenues of the District Sewer System, specifically:

(i) Sewer Refunding Revenue Bonds, 2010 Series A, dated June 24, 2010, issued in the original principal amount of $1,895,000 (the "District 2010 A Bonds");

(ii) Sewer Revenue Bonds, 2013 Series A, dated June 14, 2013, issued in the original aggregate principal amount of $1,660,000 (the "District 2013 A Bonds"); and

(iii) Sewer Revenue Bond (Sewer Project Development), Series 2015, dated November 3, 2015, issued in the original principal amount of $660,000 (the "District 2015 Bonds").

WHEREAS, contemporaneously with the enactment of this Ordinance, the Common Council of the City is considering the enactment of an Ordinance ("Series 2018 A Ordinance") through which the District Sewer Revenue Bonds and District Water Bonds, upon the transfer of the District Assets to the City and the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, will be (i) assumed by the City, (ii) amended and re-stated to provide security to the bondholder in the Gross Revenues of the System on a parity with the Prior Bonds (as hereinafter defined) and the Series 2018 B Bonds authorized herein; and (iii) be re-designated as follows:

(i) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority)" (the "Series 2018 A-1 Bonds");

(ii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program)" (the "Series 2018 A-2 Bonds");

(iii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund)" (the "Series 2018 A-3 Bonds");

(iv) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program)" (the "Series 2018 A-4 Bonds");

(v) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program)" (the "Series 2018 A-5 Bonds");

(vi) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program)" (the "Series 2018 A-6 Bonds"); and

(vii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), (the "Series 2018 A-7 Bonds").

Collectively, the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are collectively referred to herein as the "Series 2018 A Bonds".

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, specifically including but not limited to, the acquisition of the District Sewer System, the payment of consideration to the District in an amount equal to the monies necessary to Pay in Full or Defease the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets (collectively, the

"Project") (the existing public combined waterworks and sewerage system of the Issuer, the District Assets, including the Project, when acquired by the City, and any further extensions, additions, betterments and improvements thereto are herein called the "System");

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition of the District Assets and the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, 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 acquisition of the District Sewer System, the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets 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 2018 B (Bank Qualified) (the "Series 2018 B Bonds"), such Series 2018 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 2018 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 2018 B Bonds.

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

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

"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 2018 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 2018 B Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2018 B Bonds.

"Bond Year" means with respect to each series of the Series 2018 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 2018 B Bonds, the Prior Bonds, the Series 2018 A 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 2018 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2018 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 any independent qualified engineer or engineers or firm or firms of engineers that shall currently, or any time hereafter, be retained by the Issuer or the Board 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.

"District Bonds" means collectively the District Sewer Bonds and the District Water Bonds.

"District Sewer Bonds" means the Jefferson County Public Service District's: (i) Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated May 5, 1998, issued in the original aggregate principal amount of $425,767; (ii) Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089; (iii) Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039; (iv) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363; (v) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the aggregate principal amount of $1,154,889; and (vi) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the aggregate principal amount of $2,005,000.

"District Water Bonds" means the Jefferson County Public Service District's Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the aggregate principal amount of $985,350.

"District 1988 B Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated May 5, 1998, issued in the original aggregate principal amount of $425,767.

"District 1998 B Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089.

"District 1998 C Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039.

"District 1999 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363.

"District 2000 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the aggregate principal amount of $1,154,889.

"District 2008 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the aggregate principal amount of $2,005,000.

"District 2014 A Bonds" Jefferson County Public Service District's Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the aggregate principal amount of $985,350.

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

"DTC-eligible" means, with respect to the Series 2018 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 or the Board 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 2018 B Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2018 B Bonds in accordance with the terms thereof.

"Municipal Advisor" means any registered and licensed municipal advisor or firm of municipal advisors that shall at any time be retained by the Issuer or the Board to provide financial advice related to the Series 2018 B Bonds, the Prior Bonds, the Series 2018 A Bonds or hereinafter issued Additional Parity Bonds, and shall initially mean Compass Municipal Advisors, LLC.

"Net Proceeds" means the face amount of the Series 2018 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 2018 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 2018 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 2018 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2018 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 2018 B Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2018 B Bonds, the Series 2018 A Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond 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 for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2018 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 respective ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, specifically including but not limited to, the acquisition of the District

Sewer System, the payment of consideration to the District in an amount equal to the monies necessary to Pay in Full or Defease the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets

"Purchase Price" for the purpose of computation of the Yield of the Series 2018 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 2018 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2018 B Bonds of each maturity is sold or, if the Series 2018 B Bonds are privately placed, the price paid by the first buyer of the Series 2018 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 2018 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 2018 B Bonds.

"Qualified Investments" means and includes all investments permitted to be made by a municipality and political subdivision under the laws of the State, as enacted as of the date of enactment of this Bond Ordinance in West Virginia Code § 8-13-22a and 8-22-22a, and as may be amended or modified from time to time. In the event that the laws of the State would cease to provide guidance on permissible investments, the last applicable law of the State shall control such investments.

"Record Date" means the date or dates which shall be so stated in the Series 2018 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 2018 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, 2018, issued in the aggregate principal amount of $7,695,000.

"Series 2018 A Bonds" means, collectively, the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds.

"Series 2018 A-1 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority), originally the District 1988 B Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-2 Bonds" means the Combined Waterworks and Sewerage System

Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-3 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund), originally the District 1998 C Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-4 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-5 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), originally the District 2000 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-6 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program) originally the District Series 2008 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-7 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), of the Issuer, authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2018 B Bonds Costs of Issuance Fund" means the Series 2018 B Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2018 B Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2018 B Bonds Reserve Account" means the Series 2018 B Bonds Reserve Account created in the Series 2018 B Bonds Sinking Fund by Section 4.02 hereof.

"Series 2018 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2018 B Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2018 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2018 B Bonds.

"Series 2018 B Bonds Sinking Fund" means the Series 2018 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2018 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 2018 B Bonds and authorizing the sale of the Series 2018 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 2018 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 District Assets upon acquisition thereof 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, specifically excluding, however, any additions, betterments or improvements thereto which are leased from the Charles Town Building Commission.

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2018 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 approvals from the Public Service Commission of West Virginia and the Common Council of the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), in one or more series in the aggregate principal amount of not more than $4,000,000 to permanently finance the costs 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 2018 B Bonds prior to and during acquisition and for a period not exceeding 6 months after completion of acquisition of the Project; amounts which may be deposited in the Series 2018 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, debt service reserve 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 2018 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 2018 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 2018 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 2018 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");

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");

23. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1(West Virginia Water Development Authority), originally the District 1988 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-1 Bonds");

24. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-2 Bonds");

25. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund), originally the District 1998 C Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-3 Bonds");

26. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-4 Bonds);

27. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5

(West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-5 Bonds);

28. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program), originally the District 2008 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-6 Bonds"); and

29. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-7 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 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are hereinafter collectively called the "Series 2018 A Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances". The ordinance of the Issuer enacted to authorize the assumption, modification and amendment and re-designation of the Series 2018 A Bonds, is here in referred to as the "Series 2018 A Bond Ordinance."

Prior to the issuance of the Series 2018 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 and the Series 2018 A Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds, if required, and Series 2018 A Bonds to the issuance of the Series 2018 B Bonds on a parity with such Prior Bonds and Series 2018 A Bonds. The Series 2013 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2016 A Bonds and Series 2016 B Bonds do not require written consent.

Other than the Prior Bonds and the Series 2018 A Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer intends to issue the Series 2018 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 and the Series 2018 A 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 2018 B Bonds, and the Prior Bonds and Series 2018 A Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2018 B Bonds and the Prior Bonds and Series 2018 A 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, the Prior Ordinances and the Series 2018 A Bond Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2018 B Bonds, and secure the Series 2018 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2018 B Bonds Reserve Account, unexpended proceeds of the Series 2018 B Bonds and as further set forth herein.

J. The Series 2018 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 2018 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 2018 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 2018 B Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2018 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 and operation of the Project and the System and issuance of the Series 2018 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 2018 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 THE PROJECT

Section 2.01. Authorization of the Project. There is hereby authorized and ordered the acquisition of the Project, at an estimated cost of not more than $4,000,000. The proceeds of the Series 2018 B Bonds hereby authorized shall be applied as provided herein. The Series 2018 B Bonds are hereby authorized, to be issued in one or more series, in the aggregate principal amount of not more than $4,000,000.

ARTICLE III

THE SERIES 2018 B BONDS

Section 3.01. Form and Payment of Bonds. No Series 2018 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2018 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2018 B Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2018 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2018 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 2018 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 2018 B Bonds shall be in default, Bonds issued in exchange for Series 2018 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 2018 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bond in the principal amount of said Series 2018 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2018 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 2018 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 2018 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 2018 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 2018 B Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2018 B BONDS attached hereto and incorporated herein by reference with respect to the Series 2018 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such

Series 2018 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 2018 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 2018 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2018 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 2018 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2018 B Bonds. The Series 2018 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 2018 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 2018 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 2018 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2018 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2018 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 2018 B Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2018 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 2018 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2018 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 2018 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 or electronic transmission at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer and the registered owner of the Series 2018 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 2018 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 2018 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 2018 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds. For the purposes of paying a portion of the costs of the Project, paying capitalized interest, if any, funding the Series 2018 B Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2018 B Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $4,000,000. Said Series 2018 B Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" 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 2018 B Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2018 B Bonds shall be numbered from BR-1 consecutively

upward. The Series 2018 B Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $4,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 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 2018 B Bonds. A. The Series 2018 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2018 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 2018 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 2018 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2018 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 2018 B Bond or any other evidence of ownership of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2018 B Bonds so redeemed, but DTC may retain such Series 2018 B Bonds and make an appropriate notation on the Series 2018 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 2018 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 2018 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 2018 B Bonds, selecting the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2018 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 2018 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 2018 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 2018 B Bonds.

Section 3.12. Delivery of Series 2018 B Bonds. The Issuer shall execute and deliver the Series 2018 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds. The definitive Series 2018 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2018 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 2018 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and

the definitive Series 2018 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 2018 B Bonds. Upon the issuance and delivery of the Series 2018 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued, if any, on the Series 2018 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2018 B Bonds Sinking Fund and applied to payment of interest on the Series 2018 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2018 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 2018 B Bonds Reserve Account; provided, that to the extent the Series 2018 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 2018 B Bonds shall be deposited in the Series 2018 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2018 B Bonds Reserve Requirement.

3. The amount of Series 2018 B Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2018 B Bonds shall be deposited with the Depository Bank in the Series 2018 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 2018 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 2018 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2018 B Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2018 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 2018 B Bonds from which such proceeds are derived.

4. The balance of Series 2018 B Bonds proceeds, if any, shall be deposited in the Series 2018 B Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2018 B Bonds Construction Fund. Disbursements from the Series 2018 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2018 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 of the Project. Pending such application, monies in the Series 2018 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 2018 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 2018 A-1 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(46) Series 2018 A-1 Bonds Reserve Account (established Series 2018 A Ordinance);

(47) Series 2018 A-2 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(48) Series 2018 A-2 Bonds Reserve Account (established Series 2018 A Ordinance);

(49) Series 2018 A-3 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(50) Series 2018 A-3 Bonds Reserve Account (established Series 2018 A Ordinance);

(51) Series 2018 A-4 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(52) Series 2018 A-4 Bonds Reserve Account (established Series 2018 A Ordinance);

(53) Series 2018 A-5 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(54) Series 2018 A-5 Bonds Reserve Account (established Series 2018 A Ordinance);

(55) Series 2018 A-6 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(56) Series 2018 A-6 Bonds Reserve Account (established Series 2018 A Ordinance);

(57) Series 2018 A-7 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(58) Series 2018 A-7 Bonds Reserve Account (established Series 2018 A Ordinance);

(59) Series 2018 B Bonds Sinking Fund; and

(60) Series 2018 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2018 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 and Series 2018 A Ordinance 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 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2016 A Bonds, Series 2016 B Bonds, Series 2018 A-3 Bonds and Series 2018 A-7; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2018 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2018 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2018 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 2018 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 2018 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2018 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2018 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2018 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 and Series 2018 A Ordinance to pay principal on the Prior Bonds and Series 2018 A Bonds; and (ii) for deposit in the Series 2018 B Bonds Sinking Fund (and in the Series 2018 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 2018 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2018 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2018 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 2018 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 2018 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 2018 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 and Series 2018 A Bonds to be deposited in the respective Prior Bonds Reserve Accounts and Series 2018 A Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2018 B Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2018 B Bonds, for deposit in the Series 2018 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2018 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2018 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 2018 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2018 B Bonds Reserve Account, as a result of a decrease in value of the Series 2018 B Bonds Reserve Account below

the Series 2018 B Bonds Reserve Account Requirement or any withdrawal from the Series 2018 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2018 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2018 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 2018 B Bonds Reserve Account is less than the Series 2018 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2018 B Bonds Reserve Account for deposit into the Series 2018 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 2018 B Bonds Reserve Account to an amount equal to the Series 2018 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2018 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 2018 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 2018 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2018 B Reserve Account Requirement.

Amounts in the Series 2018 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2018 B Bonds when due, when amounts in the Series 2018 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay 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 set forth in the Prior Ordinances and the Series 2018 A Ordinance 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 2018 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 2018 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, the Series 2018 A Bonds and the Series 2018 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 2018 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 2018 B Bonds Reserve Account to the Series 2018 B Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2018 B Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2018 B Bonds Reserve Account an amount at least equal to the Series 2018 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 2018 B Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2018 B Bonds Reserve Account shall, at any time, be less than the applicable Series 2018 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 2018 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 2018 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, City Manager 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 2018 B Bonds which would cause the Series 2018 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 2018 B Bonds) so that the interest on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2018 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 2018 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2018 B Bonds or money in the Series 2018 B Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2018 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2018 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 2018 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 the Series 2018 A Bonds and, in the instance of the Series 2018 B Bonds, all monies and securities in the

Series 2018 B Bonds Sinking Fund, including the Series 2018 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 2018 B Bonds herein authorized, to make the payments into the Series 2018 B Bonds Sinking Fund, all monies and securities in the Series 2018 B Bonds Sinking Fund, the Series 2018 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, the Series 2018 A Bonds and the Series 2018 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 August 6, 2018 and the sewer rate ordinance of the Issuer enacted August 6, 2018, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2018 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 2018 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 2018 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 or Series 2018 A 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 Series 2018 A Ordinance 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 2018 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 2018 B Bonds including the Prior Bonds and the Series 2018 A 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 120 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 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 and Series 2018 A Ordinance. Additionally, so long as the Series 2018 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 2018 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 $4,000,000 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 $4,000,000, 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 $4,000,000 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 2018 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 2018 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 2018 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2018 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 and Series 2018 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and Series 2018 A Ordinance 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 2018 B Bonds are outstanding, no 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 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 Additional 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, Series 2018 A Ordinance 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 Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants.

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 Additional Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 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 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 Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Additional 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 Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance, the Prior Ordinances and Series 2018 A Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance, the Prior Ordinances and Series 2018 A Ordinance, shall have been made in full as required to the date of issuance of such Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance, the Prior Ordinances and Series 2018 A Ordinance.

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 2018 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 improvements for the System to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price 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 2018 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 2018 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 2018 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 2018 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds and Series 2018 A Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may obtain a Municipal Bond Insurance Policy for the Series 2018 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 2018 B Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2018 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 2018 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 2018 B Bonds during the term thereof is, under the terms of the Series 2018 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 2018 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 2018 B Bonds during the term thereof is, under the terms of the Series 2018 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 2018 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 2018 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 2018 B Bonds or $4,000,000 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2018 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 2018 B Bonds, the first exchange of Series 2018 B Bonds and the exchange of Series 2018 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 2018 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 2018 B Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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.

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

First Reading:	July 16, 2018
Second Reading:	August 20, 2018
Effective following Public Hearing held on:	September 17, 2018

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 September 17, 2018.

December 27, 2018

[SEAL]

City Clerk

EXHIBIT A – FORM OF SERIES 2018 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 2018 B (BANK QUALIFIED)

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 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of design, acquisition, construction and equipping of the Project; (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds;] (iii) [to fund a reserve account for the Series 2018 B Bonds/to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds] in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on _____, 2018, and supplemented by a supplemental resolution adopted by said Council on _____, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SEIRES 2018 A BONDS".

The Series 2018 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 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of

the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: _____, 2018.

[_____]
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 2018 B (BANK QUALIFIED) 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 September 17, 2018 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION 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 $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFED); 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, 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 Bond Ordinance provided for the issuance by the Issuer of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), in the aggregate principal amount of not more than $4,000,000, for the purposes of paying in full or defeasing the District 2010 A Bonds, District 2013 A Bonds and District 2015 Bonds, capitalizing interest on the Series 2018 B Bonds, funding a reserve account for the Series 2018 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 Bond Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2018 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 Certificate, 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 (defined herein), that additional covenants and provisions relating to the Series 2018 B Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2018 B Bonds and/or providing a debt service reserve insurance policy for such Series 2018 B Bonds and that other matters pertaining to the Series 2018 B Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Series 2018 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 Bond Ordinance, the final terms of the Bonds and all provisions of all documents relating to the Series 2018 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 2018 B Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Certificate, the Tax 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 2018 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 2018 B Bonds be herein provided for, all in accordance with the Bond Ordinance.

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

Section 1. For the purposes of (i) paying in full or defeasing the District 2010 A Bonds, District 2013 A Bonds and District 2015 Bonds; (ii) funding a debt service reserve account for the Series 2018 B Bonds through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy;

(iii) if determined to be financially advantageous to the Issuer, paying the premium for a Municipal Bond Insurance Policy; and (iv) paying costs of issuance of the Series 2018 B Bonds and related costs. The Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2018 B Bonds in an aggregate principal amount not to exceed $4,000,000.

Section 2. Pursuant to the Bond Ordinance and the Act, this Series 2018 B Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2018 B Bonds. The Series 2018 B Bonds shall be issued in the aggregate principal amount not to exceed $4,000,000, 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 2018 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 Bond Ordinance; provided, however, that the specific terms of the Series 2018 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 2018 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 2018 B Bonds, 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 Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by the Mayor.

The execution of the Continuing Disclosure Certificate 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 2018 B Bonds.

Section 9. The Issuer does hereby appoint and designate United Bank, 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
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 2018 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 2018 B Bonds. These additional covenants and provisions shall be set forth in the Certificate of Determinations, shall apply to the Series 2018 B Bonds, and shall be supplemental to, and amendatory of, the Bond Ordinance and this Series 2018 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Bond Ordinance and this Series 2018 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 2018 B Bonds Reserve Account for the Series 2018 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 2018 B Bonds Reserve Account. These additional covenants and provisions shall be set forth in the Certificate of Determinations, shall apply to the Series 2018 B Bonds, and shall be supplemental to, and amendatory of, the Bond Ordinance and this Series 2018 B Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Bond Ordinance and this Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds are attached hereto as Exhibit A to the Certificate of Determinations and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Bond Ordinance and applicable to the Series 2018 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 2018 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 2018 B Reserve Commitment"). The Mayor is hereby authorized to execute the Series 2018 B Reserve Commitment and deliver the same to BAM.

Section 17. Pursuant to the Series 2018 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 2018 B Bonds Reserve Account are attached hereto as Exhibit B to the Certificate of Determinations and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Bond Ordinance and applicable to the Series 2018 B Bonds.

Section 18. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2018 B Bonds issue to the end that the Series 2018 B Bonds may be delivered as provided in the Bond Purchase Agreement.

Section 19. The financing of the Project with proceeds of the Series 2018 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 2018 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 2018 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 21. This Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 3rd day of December, 2018.

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 3rd day of December, 2018.

Dated: December 27, 2018

[SEAL]

City Clerk

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

CERTIFICATE OF DETERMINATIONS

The undersigned, Scott Rogers, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Series 2018 B Supplemental Parameters Resolution adopted by the Council of the Issuer on _____, 2018 (the "Series 2018 B Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Series 2018 B Bonds"), hereby finds and determines this _____ day of _____, 2018 as follows:

1. The Series 2018 B Bonds shall be dated the date of closing thereon (estimated to be _____ _____, 2018) and shall bear interest on _____ and _____ of each year commencing _____, 2018.

2. The Series 2018 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 2018 B Supplemental Parameters Resolution.

3. The Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Insurance Commitment") dated _____, 2018. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to _____.

9. Pursuant to the Series 2018 B Insurance Commitment, and, as permitted by Section 12 of the Series 2018 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 2018 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 Bond Ordinance and applicable to the Series 2018 B Bonds.

10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by _____ ("_____") to fund the Series 2018 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 2018 B Reserve Commitment") dated _____, 2018. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to _____.

11. Pursuant to the Series 2018 B Reserve Commitment, and, as permitted by Section 13 of the Series 2018 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 2018 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 Bond Ordinance and applicable to the Series 2018 B Bonds.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2018 B Bonds are within the parameters prescribed by the Series 2018 B Supplemental Parameters Resolution, and the Series 2018 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 2018 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 2018 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 2018 B (Bank Qualified) (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: _____, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

CERTIFICATE OF DETERMINATIONS

The undersigned, Scott Rogers, Mayor of the City of Charles Town (the "Issuer"), in accordance with the Series 2018 B Supplemental Parameters Resolution adopted by the Council of the Issuer on December 3, 2018 (the "Series 2018 B Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Series 2018 B Bonds"), hereby finds and determines this 18th day of December, 2018 as follows:

1. The Series 2018 B Bonds shall be dated the date of closing thereon (estimated to be December 27, 2018) and shall bear interest on June 1 and December 1 of each year commencing June 1, 2019.

2. The Series 2018 B Bonds shall be issued in the aggregate principal amount of $3,065,000, at a true interest cost of 3.48040%. Such interest cost does exceed 8%, being the maximum interest rate authorized by the Series 2018 B Supplemental Parameters Resolution.

3. The Series 2018 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 2018 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 2018 B Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2018 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 $3,004,977.15 (representing par value less an Underwriter's discount of $44,660 and a net original issue discount of $15,362.85).

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 2018 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 2018 B Insurance Commitment") dated November 27, 2018. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to BAM.

9. Pursuant to the Series 2018 B Insurance Commitment, and, as permitted by Section 12 of the Series 2018 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 2018 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 Bond Ordinance and applicable to the Series 2018 B Bonds.

10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by Build America Mutual Assurance Company ("BAM") to fund the Series 2018 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 2018 B Reserve Commitment") dated November 27, 2018. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to BAM.

11. Pursuant to the Series 2018 B Reserve Commitment, and, as permitted by Section 13 of the Series 2018 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 2018 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 Bond Ordinance and applicable to the Series 2018 B Bonds.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2018 B Bonds are within the parameters prescribed by the Series 2018 B Supplemental Parameters Resolution, and the Series 2018 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 2018 B BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (June 1)	Principal Amount	Interest Rate	Price	CUSIP No.
BR-1	06/01/2020	$175,000	2.250%	100.000%	160028 FR2

TERM BONDS

$355,000 2.500% Term Bonds Due June 1, 2022 at 100.000%* CUSIP: 160028 FS0

$375,000 2.750% Term Bonds Due June 1, 2024 at 100.000%* CUSIP: 160028 FT8

$400,000 3.000% Term Bonds Due June 1, 2026 at 99.668%* CUSIP: 160028 FU5

$425,000 3.000% Term Bonds Due June 1, 2028 at 98.702% CUSIP: 160028 FV3

$465,000 3.250% Term Bonds Due June 1, 2030 at 99.431% CUSIP: 160028 FW1

$870,000 3.500% Term Bonds Due June 1, 2033 at 99.325% CUSIP: 160028 FX9

Schedule 2

Redemption Provisions:

Series 2018 B Bonds

Optional Redemption

The Series 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

Mandatory Sinking Fund Redemption

The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

If less than all of the Series 2018 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

[insert]



MUNICIPAL BOND INSURANCE COMMITMENT

ISSUER:	City of Charles Town, West Virginia
MEMBER:	City of Charles Town, West Virginia
Effective Date:	November 27, 2018
Expiration Date:	February 24, 2019
BONDS:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B in aggregate principal amount not to exceed $3,125,000
Insurance Payment:	0.500% 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 Security Documents shall contain the document provisions set forth in Exhibit A hereto and shall be in form and substance acceptable to BAM. 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 (proportionate to the amount of Refunding Bonds insured by BAM). 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

November 27, 2018
Date

AGREED AND ACCEPTED

1. 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, meeting the requirements above or 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 (unless otherwise specified herein).

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][Obligor] 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][Obligor], payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts shall be, and the [Issuer][Obligor] 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			
Brian Siper	Deputy Counsel	212-235-2562	bsiper@buildamerica.com
CLOSING COORDINATORS			
Nolan Miller		212-235-2511	nmiller@buildamerica.com
BAM ANALYST			
Alexis Platis		(212) 235-2524	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

THE LOGO MAY BE OBTAINED FROM BAM'S WEBSITE
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 and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. 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 September 30, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $524 million, $104.1 million and $419.9 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.

SPECIMEN

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:
200 Liberty Street, 27th floor
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

2. CAPITAL APPRECIATION BONDS:

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 (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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

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 this 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 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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

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.

SPECIMEN

EXHIBIT C

BAM LEGAL OPINION AND CERTIFICATE

SPECIMEN

[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

[insert]



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

Issuer:	City of Charles Town, West Virginia	Effective Date: November 27, 2018
Member:	City of Charles Town, West Virginia	Expiration Date: February 24, 2019
Bonds:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B	
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 November 27, 2018 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

November 27, 2018
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: _____

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:

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date:

BONDS: $_____ in aggregate principal amount of
,

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

Maximum 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

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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

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.

(g) 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]*.

EXHIBIT C

DEBT SERVICE RESERVE AGREEMENT

DEBT SERVICE RESERVE AGREEMENT, dated _____ (the "Agreement"), by and between CITY OF CHARLES TOWN, WEST VIRGINIA (the "Obligor") and BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").

In consideration of the issuance by BAM of its Municipal Bond Debt Service Reserve Insurance Policy No. @@POLICY_NO@@ (the "Reserve Policy") with respect to the City of Charles Town, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Insured Obligations") 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 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 aggregate 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 2018 B (Bank Qualified)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Gregory B. Isaacs, Senior Managing Director of CREWS & ASSOCIATES, INC. (the "Underwriter") and Scott Rogers, Mayor of the City of Charles Town (the "Issuer"), for and on behalf of the Issuer, hereby certify this 27th day of December, 2018 follows:

1. On the 27th day of December, 2018, in Charleston, West Virginia, the Underwriter received the entire original issue of $3,065,000 in aggregate principal amount of the City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Series 2018 B Bonds"). The Series 2018 B Bonds, as so received on original issuance, are dated December 27, 2018, 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 2018 B Bonds, they had been executed by the Mayor of the Issuer by his 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, 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 2018 B Bonds, as follows:

Par Amount of Series 2018 B Bonds	$3,065,000.00
Less: Original Issue Discount	(15,362.85)
Less: Underwriter's Discount	(44,660.00)
Purchase Price	$3,004,977.15

Series 2018 B Bonds proceeds in the amount of $3,004,977.15 was made in immediately available funds (federal funds wire) to the Issuer and Bond Insurer.

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

144220.00043

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2018 B BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith as Registrar for the above-captioned bonds on this 27th day of December, 2018:

1. Bonds No. BR-1 through BR-7 constituting the entire original issue of the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), dated December 27, 2018, in the aggregate principal amount of $3,065,000, (the "Series 2018 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 2018 B Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on September 17, 2018, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on December 3, 2018 and Certificate of Determinations dated December 18, 2018 (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 2018 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

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

SPECIMEN

No. BR-1 $175,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.250%	06/01/2020	12/27/2018	160028 FR2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED SEVENTY-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 June 1, 2019 (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, 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 $3,065,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 27, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of the undertaking of the Project; (ii) to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on September 17, 2018, and supplemented by a supplemental resolution adopted by said Council on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SERIES 2018 A BONDS".

The Series 2018 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 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

In the event of any redemption of less than all outstanding Series 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds and the Series 2018 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2018 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, pay the bond insurance and surety bond premiums for the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: December 27, 2018.

UNITED BANK
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

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 SPECIMEN $355,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.500%	06/01/2022	12/27/2018	160028 FS0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED 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 June 1, 2019 (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, 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 $3,065,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 27, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of the undertaking of the Project; (ii) to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on September 17, 2018, and supplemented by a supplemental resolution adopted by said Council on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SERIES 2018 A BONDS".

The Series 2018 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 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

In the event of any redemption of less than all outstanding Series 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds and the Series 2018 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2018 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, pay the bond insurance and surety bond premiums for the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: December 27, 2018.

UNITED BANK
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

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 SPECIMEN $375,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.750%	06/01/2024	12/27/2018	160028 FT8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SEVENTY-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 June 1, 2019 (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, 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 $3,065,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 27, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of the undertaking of the Project; (ii) to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on September 17, 2018, and supplemented by a supplemental resolution adopted by said Council on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SERIES 2018 A BONDS".

The Series 2018 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 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

In the event of any redemption of less than all outstanding Series 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds and the Series 2018 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2018 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, pay the bond insurance and surety bond premiums for the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: December 27, 2018.

UNITED BANK
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

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

SPECIMEN

No. BR-4 $400,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	06/01/2026	12/27/2018	160028 FU5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR 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 June 1, 2019 (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, 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 $3,065,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 27, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of the undertaking of the Project; (ii) to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on September 17, 2018, and supplemented by a supplemental resolution adopted by said Council on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SERIES 2018 A BONDS".

The Series 2018 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 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

In the event of any redemption of less than all outstanding Series 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds and the Series 2018 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2018 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, pay the bond insurance and surety bond premiums for the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: December 27, 2018.

UNITED BANK
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

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 SPECIMEN $425,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	06/01/2028	12/27/2018	160028 FV3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED TWENTY-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 June 1, 2019 (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, 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 $3,065,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 27, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of the undertaking of the Project; (ii) to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on September 17, 2018, and supplemented by a supplemental resolution adopted by said Council on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SERIES 2018 A BONDS".

The Series 2018 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 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

In the event of any redemption of less than all outstanding Series 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds and the Series 2018 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2018 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, pay the bond insurance and surety bond premiums for the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: December 27, 2018.

UNITED BANK
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

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

SPECIMEN

$465,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.250%	06/01/2030	12/27/2018	160028 FW1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED SIXTY-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 June 1, 2019 (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, 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 $3,065,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 27, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of the undertaking of the Project; (ii) to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on September 17, 2018, and supplemented by a supplemental resolution adopted by said Council on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (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 2018 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 2018 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 2018 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");

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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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SERIES 2018 A BONDS".

The Series 2018 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 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

In the event of any redemption of less than all outstanding Series 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds and the Series 2018 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2018 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, pay the bond insurance and surety bond premiums for the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: December 27, 2018.

UNITED BANK
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

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

SPECIMEN

No. BR-7 $870,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.500%	06/01/2033	12/27/2018	160028 FX9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED SEVENTY 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 June 1, 2019 (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, 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 $3,065,000 designated the "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 27, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of the undertaking of the Project; (ii) to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on September 17, 2018, and supplemented by a supplemental resolution adopted by said Council on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SERIES 2018 A BONDS".

The Series 2018 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 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022*	$180,000

*Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024*	$190,000

*Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026*	$205,000

*Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028*	$215,000

*Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030*	$245,000

*Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

*Final maturity.

In the event of any redemption of less than all outstanding Series 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds and the Series 2018 A Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2018 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, pay the bond insurance and surety bond premiums for the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

Mayor

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: December 27, 2018.

UNITED BANK
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

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Writer's Contact Information

December 27, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

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 $3,065,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the "Series 2018 B Bonds").

The Series 2018 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 September 17, 2018, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on December 3, 2018 and a Certificate of Determinations dated as of, and executed by the Mayor on, December 18, 2018 (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 2018 B Bonds are issued in fully registered form, are dated December 27, 2018, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2019, all as set forth in the Ordinance.

The Ordinance provides that the Series 2018 B Bonds are being issued by Issuer, to provide funds: (i) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing the following obligations of the District which are secured by either a first or junior lien on the Net Revenues of the District Sewer System: Sewer Refunding Revenues Bonds, 2010 Series A, Sewer Revenue Bonds, 2013 Series A and Sewer Revenue Bonds, Series 2015; (iii) pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets; (iii) fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy from Build America Mutual Assurance Company (the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (v) pay Costs of Issuance of the Series 2018 B Bonds and related costs.

The Series 2018 B Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated December 18, 2018 (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 Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation 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 Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation 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 Agreement and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2018 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 Agreement and the Tax Certificate; has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2018 B Bonds; and has issued and delivered the Series 2018 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 Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2018 B Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable special limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the Combined Waterworks and Sewerage System, on a parity with the Prior Bonds and the Series 2018 A Bonds, as defined in the Ordinance, and from the unexpended proceeds of the Series 2018 B Bonds. The Series 2018 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 2018 B Bonds of said issue, and in our opinion, said Series 2018 B Bonds are in proper form and have been duly executed and authenticated.

6. The Debt Service Reserve Agreement, dated December 27, 2018, between the Bond Insurer and the Issuer 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.

7. 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 2018 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 2018 B Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations for the taxable years that began prior to January 1, 2018. Ownership of tax-exempt obligations, including the Series 2018 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 2018 B Bonds. Prospective purchasers of the Series 2018 B Bonds should consult their own tax advisors as to such consequences.

The Issuer has designated the Series 2018 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

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 2018 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 2018 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 2018 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2018 B Bonds.

8. Under the Act, the Series 2018 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.

9. The Series 2018 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 2018 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2018 B Bonds and the enforceability of the Series 2018 B Bonds, the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the Official Statement prepared and used in connection with the offering and sale of the Series 2018 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

STEPTOE & JOHNSON PLLC
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Writer's Contact Information

December 27, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

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 served as bond counsel in connection with the issuance and sale by the City of Charles Town (the "City" or "Issuer") of its $3,065,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Quailified) (the "Series 2018 B Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2018 B Bonds and the exclusion of interest on the Series 2018 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 December 18, 2018, 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 duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriter and that it is a binding agreement of the Underwriter in accordance with its terms) constitutes a binding agreement of the City.

(2) The Series 2018 B 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.

(4) Nothing has come to our attention which would lead us to believe that the statements contained in the Official Statement under the captions "Purpose and Plan of Financing," "The Series 2018 B Bonds," "Security for the Series 2018 B Bonds" (except for the statements referred to therein under "Appendix E - Book-Entry Only System" with respect to The Depository Trust Company), "Litigation," "Appendix F – Form of Opinion of Bond Counsel," and "Appendix H – Series 2018 B 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.

Very truly yours,



STEPTOE & JOHNSON PLLC

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December 27, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

Crews and Associates, Inc.
Charleston, West Virginia

Build America Mutual Assurance Company
New York, New York

Ladies and Gentlemen:

We have served as disclosure counsel in connection with the issuance and sale by the City of Charles Town (the "City" or "Issuer") of its $3,065,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Quailified) (the "Series 2018 B Bonds"). We have examined the documents and instruments as described in 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 December 18, 2018, between the City and Crews & Associates, Inc. (the "Underwriter").

Based upon the foregoing, we are of opinion that:

(1) The Disclosure Dissemination Agent Agreement complies as to form in all material respects with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934.

(2) With respect to the Official Statement that 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.

Very truly yours,

STEPTOE & JOHNSON PLLC

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Writer's Contact Information

December 27, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

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 $3,065,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the "Series 2018 B Bonds").

The Series 2018 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 September 17, 2018, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on December 3, 2018 and a Certificate of Determinations dated as of, and executed by the Mayor on, December 18, 2018 (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.

We are of the opinion that:

1. The District 2010 A Bonds have been defeased within the meaning and with the effect expressed in the resolutions authorizing the issuance of the District 2010 A Bonds, and the

covenants, agreements and other obligations of the Issuer to the Holders and Owners of the District 2010 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the Receipt and Release of the West Virginia Municipal Bond Commission to the sufficiency of the monies on deposit to provide for the payment of the principal of, interest on, and premium, if any, of the District 2010 A Bonds.

2. The District 2013 A Bonds have been defeased within the meaning and with the effect expressed in the resolutions authorizing the issuance of the District 2013 Bonds, and the covenants, agreements and other obligations of the Issuer to the Holders and Owners of the District 2013 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the Receipt and Release of the West Virginia Municipal Bond Commission to the sufficiency of the monies on deposit to provide for the payment of the principal of, interest on, and premium, if any, of the District 2013 A Bonds.

3. The District 2015 Bond has been defeased within the meaning and with the effect expressed in the resolutions authorizing the issuance of the District 2015 Bond, and the covenants, agreements and other obligations of the Issuer to the Holders and Owners of the District 2015 Bond have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the Receipt and Release of the Bank of Charles Town to the sufficiency of the monies on deposit to provide for the payment of the principal of, interest on, and premium, if any, of the District 2015 Bond.

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

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Writer's Contact Information

December 27, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

Crews & Associates
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to the City of Charles Town in Jefferson County, West Virginia (the "Issuer"). As such counsel, we have examined the Bond Purchase agreement by and between the City of Charles Town (the "Issuer") and Crews & Associates, Inc. dated December 18, 2018 (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on September 17, 2018, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 3, 2018 and a Certificate of Determinations dated December 18, 2018 (collectively, the "Ordinance"), and other documents relating to the above-captioned bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and the Bond Purchase Agreement when used herein.

We are of the opinion that:

(1) The Issuer is a political subdivision and municipal corporation of the State of West Virginia.

(2) The Issuer 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 Issuer has all power and authority to operate the System.

(4) The Issuer has the power and authorization to set and enforce rates and the water and sewer rates and charges enacted by the Issuer on August 6, 2018 and August 6, 2018, respectively, are in full force and effect and are not subject to appeal.

(5) To the best of our knowledge, no litigation is pending, or to our knowledge threatened, in any court in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the

collection of 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 the Bond Purchase Agreement, or contesting the powers of the Issuer with respect to the Bonds, the Ordinance, or the Bond Purchase Agreement or any transaction described in or contemplated by the Official Statement, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds.

(6) 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 Issuer, in light of the circumstances under which they were made, not misleading.

(7) The statements contained in the Official Statement under the captions "Purpose and Plan of Financing," "The Combined Waterworks and Sewerage System," "Litigation," and "Continuing Disclosure," 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.

(8) The Issuer has the power and authority to acquire the District Assets and assume, pay or defease the District's bonds.

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

Sincerely,

STEPTOE & JOHNSON PLLC

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

December 27, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

City of Charles Town
Charles Town, West Virginia

City of Charles Town Utility Board
Charles Town, West Virginia

Crews & Associates
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the City of Charles Town Utility Board in Jefferson County, West Virginia (the "Board"). As such counsel, I have examined the Bond Purchase agreement by and between the City and Crews & Associates, Inc dated December 18, 2018 (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the City on September 17, 2018, as supplemented by a Supplemental Resolution duly adopted by the City on December 3, 2018 and a Certificate of Determinations dated December 18, 2018 (collectively, the "Ordinance"), and other documents relating to the above-captioned bonds of the City (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and the Bond Purchase Agreement when used herein.

I am of the opinion 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 my knowledge, following due inquiry, 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, or the Bond Purchase Agreement, or contesting the powers of the Board with respect to the Bond Purchase Agreement or any transaction

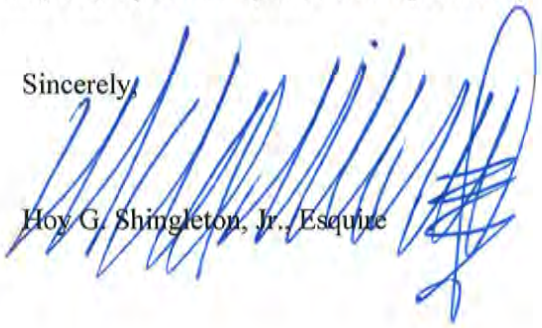
described in or contemplated by the Official Statement, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds.

(3) 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.

(4) The statements contained in the Official Statement under the captions "Purpose and Plan of Financing," "The Combined Waterworks and Sewerage System," and "Litigation," 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.

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

Sincerely,



Hoy G. Shingleton, Jr., Esquire

JACKSONKELLY 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

December 27, 2018

Crews & Associates, Inc.
Charleston, West Virginia

Re: $3,065,000 City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you, Crews & Associates, Inc. (the "Underwriter"), in connection with your purchase of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated December 18, 2018 (the "Purchase Agreement") between the City of Charles Town, West Virginia (the "Issuer") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

In connection with rendering this opinion, we have examined the Preliminary Official Statement dated December 12, 2018, the Official Statement dated December 18, 2018, the Purchase Agreement, the Disclosure Dissemination Agent Agreement dated December 27, 2018 (the "Undertaking"), and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended and presently in effect (the "Rule").

It is our opinion that the Undertaking, which provides for an undertaking for the benefit of the holders, including beneficial holders, of the Bonds to provide certain annual financial information and event notices to repositories at the times and in the manner required by the Rule, would satisfy as to form in all material respects the requirements of subparagraph (b)(5) of the Rule in effect as of the date hereof and applicable to continuing disclosure agreements.

In addition, we are of the opinion under existing law that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, to assist you in your investigation concerning the Official Statement, we have reviewed certain documents and have participated in telephone conferences in which the contents of the Official Statement and related matters were discussed. During the course of our work on this matter, no facts have come to the attention of attorneys in our firm rendering legal services in connection with such issuance that cause us to believe that the information and statements in the Preliminary Official Statement as of its date and the Official Statement, as of

its date and the date hereof (except in each case for any financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to The Depository Trust Company and the book entry only system contained in the Official Statement and its Appendices included therein, which we expressly exclude from the scope of this sentence), contained or contain any untrue statement of a material fact or omitted or omit to state a material fact necessary in order 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 the transcript of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

Jack Kelly PLLC

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

GENERAL CERTIFICATE OF THE CITY OF CHARLES TOWN ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. RATES
5. PUBLIC SERVICE COMMISSION ORDERS
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 27th day of December, 2018, in connection with the $3,065,000 aggregate principal amount of the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the "Series 2018 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 September 17, 2018, as supplemented by a Supplemental Parameters Resolution adopted December 3, 2018 and Certificate of Determinations dated December 18, 2018 (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 2018 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 2018 B Bonds, nor in any manner questioning the

proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2018 B Bonds, nor in any manner affecting the validity or enforceability of the Series 2018 B Bonds, the Ordinance or the Bond Purchase Agreement, dated December 18, 2018 (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 2018 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 2018 B Bonds, which is not set forth in the Official Statement relating to the Series 2018 B Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals and certificates required by law for undertaking of the Project, operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2018 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 August 6, 2018 and a sewer rate ordinance on August 6, 2018 which rates are in full force and effect.

5. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Commission Order entered on June 26, 2018 of the Public Service Commission of West Virginia, in Case No. 17-0915-PSWD-PC, approving the acquisition of the Assets of the Jefferson County Public Service District. Such order remains in full force and effect.

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 December 3, 2018.

7. AWARD OF BONDS; SIGNATURES: The Series 2018 B Bonds were awarded to the Underwriter upon a negotiated basis at the price of $3,004,977.15 (par amount of $3,065,000 less original issue discount in the amount of $15,362.85 less underwriter's discount of $44,660). As of the date hereof, the Series 2018 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 2018 B Bonds, numbered BR-1 to BR-7.

At the time of delivery of the Series 2018 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 2018 B Bonds	$3,065,000.00
Less: Original Issue Discount	(15,362.85)
Less: Underwriter's Discount	(44,660.00)
Total	$3,004,977.15

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 2018 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 December 12, 2018. 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:

(i) 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");

(ii) 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");

(iii) 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");

(iv) 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");

(v) 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");

(vi) 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");

(vii) 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");

(viii) 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");

(ix) 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");

(x) 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");

(xi) 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");

(xii) 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");

(xiii) 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");

(xiv) 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");

(xv) 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");

(xvi) 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");

(xvii) 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");

(xviii) 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");

(xix) 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");

(xx) 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");

(xxi) 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");

(xxii) 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");

(xxiii) 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") (collectively referred to as the "Prior Bonds"); and

(xxiv) Combined Utility System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority), dated December 27, 2018, (the "Series 2018 A-1 Bomds");

(xxv) Combined Utility System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), dated December 27, 2018 (the "Series 2018 A-2 Bomds");

(xxvi) Combined Utility System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund), dated December 27, 2018 (the "Series 2018 A-3 Bonds");

(xxvii) Combined Utility System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), dated December 27, 2018 (the "Series 2018 A-4 Bonds");

(xxviii) Combined Utility System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), dated December 27, 2018 (the "Series 2018 A-5 Bonds");

(xxix) Combined Utility System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program), dated December 27, 2018 (the "Series 2018 A-6 Bonds"); and

(xxx) Combined Utility System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), dated December 27, 2018 (the "Series 2018 A-7 Bonds").

The Series 2018 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, if required, of the Registered Owners of the Prior Bonds to the issuance of the Series 2018 B Bonds on a parity with such Prior Bonds if required by the Prior Ordinances. The Series 2013 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2016 A Bonds and Series 2016 B 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.

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 2018 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
Ann Paonessa, Councilmember	July 1, 2015	June 30, 2019
Chet Hines, Councilmember	July 1, 2017	June 30, 2021
Bob Trainor, Councilmember	July 1, 2015	June 30, 2019
Michael Tolbert, Councilmember	July 1, 2015	June 30, 2019
Nick Zaglifa, Councilmember	July 1, 2015	June 30, 2019
Micheal W. George, Councilmember	July 1, 2017	June 30, 2021
Mike Brittingham, Councilmember	July 1, 2017	June 30, 2021
Todd Coyle, Councilmember	July 1, 2017	June 30, 2021
Scott Rogers, Mayor	July 1, 2017	June 30, 2021

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

Daryl Hennessy, Chairman
Pete Kubic
Kevin Tester
Michael Slover
Keith D. Pierson

The duly appointed and acting Counsel to the Issuer is Steptoe & Johnson PLLC and the duly appointed Counsel to the Charles Town Utility Board 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 17th day of September, 2018, 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 2018 B Bonds.

15. NO FEDERAL GUARANTY: The Series 2018 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 2018 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 Issuer 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 Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2018 B 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 Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, including but not limited to acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (3) to the best of our 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 Series 2018 B Bonds, the issuance or sale of the Series 2018 B Bonds or in any way affecting any authority for or the validity of the Series 2018 B Bonds or the Ordinance, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (4) to the best of our knowledge, following appropriate inquiry, the execution, delivery, receipt and due performance of the Series 2018 B Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on the Issuer'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 Issuer is subject or by which the Issuer is or may be bound; and (5) we are aware of no material non-compliance with the covenants in all outstanding Ordinances which authorized the Prior 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 Disclosure Dissemination Agent Agreement dated December 27, 2018 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

144220.00043

City of Charles Town, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 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 $3,065,000 aggregate principal amount of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Series 2018 B Bonds") hereby certifies as set forth in this Tax Certificate, on December 27, 2018 (the "Tax Certificate"). The Series 2018 B Bonds are being issued and delivered on December 27, 2018, 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 September 17, 2018, as supplemented by the Supplemental Parameters Resolution, adopted by the Issuer on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (collectively, the "Bond Legislation").

A. DEFINITIONS

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

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. I am an officer of the Issuer charged with the responsibility for issuing the Series 2018 B Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

3. This Tax Certificate sets forth various facts regarding the Series 2018 B Bonds and establishes the expectations of the Issuer as to future events regarding the Series 2018 B Bonds and the use of the proceeds thereof. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Regulations §1.148-2(b)(2). This Tax Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Series 2018 B Bonds in order that interest thereon will be excluded from gross income for Federal income tax purposes.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on the date hereof, the date on which the Series 2018 B Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Bond Legislation that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2018 B Bonds which would cause the Series 2018 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 limitation, the timely filing of a federal information return with respect to the Series 2018 B Bonds), so that the interest on the Series 2018 B Bonds will be and remain excluded from gross income for federal income tax purposes, and that it will not take any actions which would adversely affect such exclusion.

6. The Series 2018 B Bonds were sold on December 27, 2018 to the Underwriter for a purchase price of $3,004,977.15 (par amount of $3,065,000, less original issue discount of $15,362.85 and less underwriter's discount of $44,660). No other obligations are (i) being sold at substantially the same time (within 15 days) as the Series 2018 B Bonds, (ii) being sold pursuant to the same plan of financing, and (iii) are reasonably expected to be paid from substantially the same source of funds as the Series 2018 B Bonds, determined without regard to guarantees from unrelated parties.

7. The Series 2018 B Bonds are being delivered simultaneously with the delivery of this Tax Certificate and are issued for the following purposes:

(a) to provide funds to pay the District 2010 A Bonds, District 2013 A Bonds and District 2015 Bonds as part of the acquisition of the District and pay additional costs related to acquisition;

(b) to pay the premium for a municipal bond debt service reserve insurance policy for the Series 2018 B 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 Series 2018 B Bonds (the "Insurance Policy") from BAM Assurance;

(d) to pay certain costs of issuance of the Series 2018 B Bonds and related costs.

8. The sources of proceeds of the Series 2018 B Bonds are as follows:

SOURCES

Par Amount of the Series 2018 B Bonds	$3,065,000.00
Less Original Issue Discount	(15,362.85)
Total	$3,049,637.15

9. The proceeds of the Series 2018 B Bonds will be applied as follows:

USES

Desposit into Construction Fund	$250,000.00
Pay District 2010 A Bonds	1,015,589.37
Pay District 2013 A Bonds	978,425.27
Pay District 2015 Bonds	551,829.32
Reserve Policy Premium	9,961.25
Insurance Policy Premium	19,606.35
Underwriter's Discount	44,660.00
Costs of Issuance for Bonds/Rounding	179,565.59
Total	$3,049,637.15

10. The Underwriter has certified in the Issue Price Certificate, dated the date hereof, a copy of which is attached hereto as EXHIBIT A (the "Issue Price Certificate"), that the Series 2018 B Bonds have been offered, and a substantial amount of each maturity (at least 10%) thereof sold, to

purchasers other than bond houses, brokers or other intermediaries, at the initial respective offering prices shown on the cover page of the Official Statement for the Series 2018 B Bonds.

11. The yield on the Series 2018 B Bonds is the discount rate that, when used in computing the present value as of the Issue Date of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Series 2018 B Bonds produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Series 2018 B Bonds as of the Sale Date, which was December 18 , 2018. In order for the guarantee of the Series 2018 B Bonds (including, collectively, the Insurance Policy and the Reserve Policy) to be a "qualified guarantee," the following requirements are met:

(a) The Issuer reasonably expects as of the date hereof that the present value of the guarantee fees is less than the present value of the interest savings on the Series 2018 B 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 Series 2018 B Bonds to BAM Assurance. BAM Assurance is not a co obligor with the Issuer on the Series 2018 B Bonds. That is, BAM Assurance does not expect to make any payments other than under an arrangement under which the guarantor will be immediately reimbursed. BAM Assurance and any related parties will not use more than 10% of the proceeds of the Series 2018 B Bonds.

(c) Fees for the Insurance Policy and the Reserve Policy in the amounts of $19,606.35 and $9,961.25, respectively, do not exceed a reasonable, arm's length charge for the transfer of credit risk, as certified by the Underwriter.

12. Based on the above, the yield on the Series 2018 B Bonds, as so computed and certified by the Underwriter, has been determined to be 3.4117% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Series 2018 B Bonds.

13. For purposes of determining whether the Series 2018 B Bonds are private activity bonds, the Issuer makes the following representations.

(i) Not more than ten percent (10%) of the proceeds of the Series 2018 B Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(ii) Not more than ten percent (10%) of the payment of principal of or interest on the Series 2018 B 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 Series 2018 B 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 Series 2018 B 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 SERIES 2018 B BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2018 B Bonds are detailed on EXHIBIT E attached hereto.

2. A Sinking Fund for the Series 2018 B Bonds is created under the Bond Legislation. Monies deposited in the Series 2018 B Bonds Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of one twelfth (1/12th) of the annual debt service on the Series 2018 B Bonds. The Series 2018 B Bonds Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2018 B Bonds within each Bond Year. All monies held in the Series 2018 Bonds Sinking Fund will be used to pay debt service on the Series 2018 B Bonds. The Series 2018 Bonds Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2018 Bonds Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

3. A Series 2018 Bonds Reserve Account is created under the Bond Legislation for the Series 2018 B Bonds in an aggregate amount equal to the least of (i) 10% of the original principal amount of the Series 2018 B Bonds, (ii) Maximum Annual Debt Service on the Series 2018 B Bonds, or (iii) 125% of average annual Debt Service on the Series 2018 B Bonds (the "Series 2018 Reserve Account Requirement"). The Series 2018 B Reserve Account has been financed with the Series 2018 B Reserve Account Policy for an amount equal to 10% of the original principal amount of the Series 2018 B Bonds ($306,500), the premium for which in the amount of $9,961.25 was paid with proceeds of the Series 2018 B 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 Series 2018 B 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 Series 2018 B Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

5. A Redemption Account for the Series 2018 B Bonds is created under the Bond Legislation. In the event monies are deposited into the Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the

Series 2018 B 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 Series 2018 B Bonds in the amount of $179,565.59. The Costs of Issuance include only those amounts directly related to the costs of issuance, sale and delivery of the Series 2018 B 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. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2018 B Bonds or which are pledged as collateral to secure repayment of Debt Service thereon and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2018 B Bonds.

8. There is no pre-issuance accrued interest on the Series 2018 B Bonds.

9. No portion of the Series 2018 B Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Series 2018 B Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Series 2018 B Bonds.

10. The Issuer certifies, warrants and covenants that the Series 2018 B Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and the related Regulations, thereby enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage and (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Series 2018 B 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 Series 2018 B Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2018 B Bonds as of a Valuation Date shall not be considered a violation of this

provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

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

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

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Series 2018 B Bonds as required by the Code and Regulations. If any of the Series 2018 B Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2018 B Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above that are allocable to Gross Proceeds of the Series 2018 B Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2018 B Bonds, any unrealized gains or losses as of the date of retirement of the Series 2018 B Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2018 B Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap, as set forth in Regulations §1.148-6(b)(2). In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2018 B Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

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

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2018 B Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2018 B 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.

2. Payment to United States. (a) Installment Computation Dates. Unless the Series 2018 B Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Series 2018 B Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2018 B 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 Series 2018 B 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 2018 Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Series 2018 B 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 D(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 D(1)(c) hereof pertaining to the investment of the proceeds of the Series 2018 B Bonds until six years after the Final Computation Date.

3. 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.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2018 B 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 Series 2018 B Bonds in order to ensure compliance with the relevant tax rules and regulations required so that the interest on the Series 2018 B Bonds will be excluded from gross income for federal income tax purposes. The Issuer will use the compliance policies attached hereto as EXHIBIT C. The Issuer further agrees and understands that if the Tax Exempt Rules are not complied with, the Issuer, in consultation with Bond Counsel, may use (i) the remedial actions set forth in Regulations §1.141-12 or (ii) the voluntary closing agreement process of the Internal Revenue Service in order to bring the Series 2018 B Bonds into compliance with the Tax-Exempt Rules.

3. None of the proceeds of the Series 2018 B Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Series 2018 B Bonds will not exceed the amount necessary for the governmental purposes thereof. As of the date hereof, the weighted average maturity of the Series 2018 B Bonds (8.652 years) does not exceed 120% of the average reasonably expected economic life of the improvements refinanced with the proceeds of the Series 2018 B Bonds.

5. The Issuer shall not permit at any time or times any of the proceeds of the Series 2018 B Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2018 B Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2018 B Bonds as "private activity bonds" within the meaning of the Code.

6. The Series 2018 B Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

7. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2018 B Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2018 B Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

8. No portion of the proceeds of the Series 2018 B Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2018 B Bonds.

9. In connection with the Series 2018 B Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2018 B Bonds or any contract securing the Series 2018 B Bonds or any arrangement providing for compensating, or minimum balances to be maintained by the Issuer or related governmental agencies with, any registered owner of the Series 2018 B Bonds.

10. The Series 2018 B Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage; or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

11. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2018 B Bonds from gross income for federal income tax purposes.

12. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Series 2018 B Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2018 B Bonds from the gross income of the holders thereof. In addition, and notwithstanding any other provision hereof, any provision of this Tax Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2018 B Bonds from gross income of the recipients thereof for federal income tax purposes.

13. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exemption of the interest on the Series 2018 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2018 B 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 Series 2018 B 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 Series 2018 B Bonds, including its opinions regarding the exclusion of interest on the Series 2018 B 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

ISSUE PRICE 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 Series 2018 B Bonds for the immediately preceding Bond Year.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with respect to the issuance of the Series 2018 B Bonds and the exclusion of interest on the Series 2018 B 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 Series 2018 B 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 December 27 , 2018 (the date of issuance of the Series 2018 B Bonds) and ending on June 1, 2033 (the maturity date of the Series 2018 B Bonds).

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Series 2018 B Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriter's spread (whether realized directly or derived through purchase of the Series 2018 B 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 Series 2018 B Bonds);

(c) financial advisor fees, if any, incurred in connection with the issuance of the Series 2018 B Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Series 2018 B Bonds;

(f) accountant fees related to issuance of the Series 2018 B Bonds;

(g) printing costs (for the Series 2018 B Bonds and of preliminary and final offering materials); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

where:

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

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

the beginning of the first interval may be rounded to the nearest whole dollar.

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

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

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Series 2018 B Bonds within the meaning of the Regulations.

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

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

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

"**Issue Date**" means December 27, 2018.

"**Issue Price**" means $3,049,637.15 being the Issue Price of the Series 2018 B 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 Series 2018 B Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Series 2018 B 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 Series 2018 B Bonds may not exceed their fair market value as of the sale date.

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

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

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

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

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

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

"**Present Value of an Investment**" means the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Series 2018 B 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 Series 2018 B Bonds, the amount determined pursuant to the Code and Regulations in accordance with Section E.1. hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2018 B 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 2018 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 Series 2018 B Bonds thereunder must be determined under Regulations §1.148-6. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date.

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

> (a) In the case of a plain par bond (within the meaning of Regulations §1.148-1(b)), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and
>
> (b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bond is a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

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

"**Yield**" or "**yield**" means the yield computed under Regulations §1.148-4 of the Regulations for the Series 2018 B 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 2018 B (Bank Qualified) (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: December 3, 2018

CITY OF CHARLES TOWN, WEST VIRGINIA

Combined Waterworks and Sewerage System Revenue Bonds
Series 2018 B (Bank Qualified)

REGISTRAR'S CERTIFICATE

United Bank, Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned bonds (the "Series 2018 B Bonds"), hereby certifies this 27th day of December, 2018 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 September 17, 2018, as supplemented by Supplemental Parameters Resolution adopted by the Issuer on December 3, 2018 and Certificate of Determinations dated December 18, 2018 (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 2018 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 2018 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
Thomas Provenzano	Vice President	Thomas Provenzano

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Bond Ordinance; the Series 2018 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 2018 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 price of the Series 2018 B Bonds.

7. All conditions precedent contained in the Ordinance for the issuance of the Series 2018 B Bonds have been met and the Series 2018 B Bonds are entitled to the benefit and security of the Ordinance.

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

UNITED BANK

By: _____
Its: Authorized Officer

144220.00043

$3,065,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of CREWS & ASSOCIATES, INC. (the "Underwriter"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (collectively, the "Series 2018 B Bonds").

1. **Sale of the General Rule Maturities.** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of each series of the Series 2018 B Bonds was sold to the Public is the respective price listed in Schedule A.

2. **Initial Offering Price of the Hold-the-Offering-Price Maturities.**

(a) Select Maturities Use Hold-the-Offering-Price Rule: The Underwriter has offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2018 B Bonds is attached to this certificate as Schedule B.

(b) Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement the Underwriter has agreed in writing that for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Series 2018 B Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"). Pursuant to such agreement, no Underwriter has offered or sold any unsold Series 2018 B Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2018 B Bonds during the Holding Period.

3. **Defined Terms.**

(a) "General Rule Maturities" means those Maturities of the Series 2018 B Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) "Hold-the-Offering-Price Maturities" means those Maturities of the Series 2018 B Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) "Holding Period" means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 26, 2018), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no

higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) "Issuer" means The City of Charles Town, West Virginia.

(e) "Maturity" means Series 2018 B Bonds with the same credit and payment terms. Series 2018 B Bonds with different maturity dates, or Series 2018 B Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

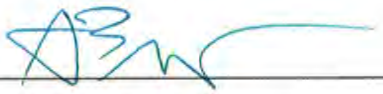
(g) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2018 B Bonds. The Sale Date of the Series 2018 B Bonds is December 18, 2018.

(h) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018 B Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2018 B Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2018 B Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2018 B Bonds, and by Steptoe & Johnson PLLC in connection with rendering its opinion that the interest on the Series 2018 B Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Series 2018 B Bonds.

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CREWS & ASSOCIATES, INC.

By: 

Name: Gregory B. Isaacs
Senior Managing Director

Dated: December 27, 2018

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

GENERAL RULE MATURITIES

Maturity	Type of Bond	Coupon	Yield	Maturity Value ($)	Price
06/01/2020	Serial Coupon	2.250%	2.250%	175,000.00	100.000%
06/01/2022	Term 1 Coupon	2.500%	2.500%	355,000.00	100.000%
06/01/2024	Term 2 Coupon	2.750%	2.750%	375,000.00	100.000%
06/01/2026	Term 3 Coupon	3.000%	3.050%	400,000.00	99.668%
06/01/2028	Term 4 Coupon	3.000%	3.160%	425,000.00	98.702%
06/01/2030	Term 5 Coupon	3.250%	3.310%	465,000.00	99.431%
06/01/2033	Term 6 Coupon	3.500%	3.560%	870,000.00	99.325%

HOLD-THE-OFFERING-PRICE MATURITIES

Not applicable; no Hold-the-Offering-Price Maturities.

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

Not applicable, since no Hold-the-Offering Price Maturities.

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned Brian Nurick, Managing Director of Compass Municipal Advisors, LLC (the "Municipal Advisor"), municipal advisor to the City of Charles Town (the "City") in connection with the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Tax-Exempt), in the aggregate principal amount of $3,065,000, dated December 27, 2018 (the "Series 2018 B Bonds"), hereby certifies the following on this 27th day of December, 2018:

1. The Municipal Advisor assisted the City in the negotiated sale of the Series 2018 B Bonds on December 18, 2018 (the "Sale"). Attached hereto as Exhibit A are the final financing schedules for the Series 2018 B Bonds prepared by Compass Municipal Advisors, LLC on behalf of itself and Crews & Associates, Inc., the Purchasers of the Bonds (collectively, the "Underwriters").

2. The Municipal Advisor has reviewed various bond documents and provided advice to the Issuer as to municipal financial products and the issuance of the Series 2018 B Bonds, including advice with respect to structure, timing, terms and other similar matters concerning such financial products and the issuance of the Series 2018 B Bonds. As part of our advice, we have provided recommendations and other financial guidance to the Issuer with respect to the preparation of the bond documents, general market conditions and other factors related to the sale of the Series 2018 B Bonds. Based on our participation in this transaction on behalf of the Issuer, and our knowledge of general municipal market conditions, we believe the sale of the Series 2018 B Bonds at the price and interest rates delivered by the Underwriters resulted in a fair market value for the Series 2018 B Bonds.

3. The Municipal Advisor hereby confirms that the City has purchased a municipal bond debt service reserve insurance policy (the "Reserve Policy") from Build America Mutual Assurance Company ("BAM") in an amount equal to $306,500, which is equal to 10% of the principal amount of the Series 2018 B Bonds, which is less than: (i) 125% of the average annual debt service on the Series 2018 B Bonds payable in any year during the term of the Series 2018 B Bonds; and (ii) the maximum amount of principal and interest payable on the Series 2018 B Bonds in any year. We are of the opinion that providing a debt service reserve account for the Series 2018 B Bonds funded with the Reserve Policy resulted in the City receiving a lower interest rate on the Series 2018 B Bonds than otherwise would have been available.

4. The Municipal Advisor hereby confirms that the weighted average maturity of the Series 2018 B Bonds, based on the issue price of the Series 2018 B Bonds on their date of issuance, is 8.652 years.

5. The yield on the Series 2018 B Bonds for arbitrage purposes is 3.4117%

6. The Series 2018 B Bonds are issued as fixed-rate bonds.

7. The Municipal Advisor has not and will not receive any compensation from the proceeds of the sale of the Series 2018 B Bonds, including investment earnings thereon, in excess of its fee in the amount of $45,975.

8. This certificate may be relied upon by the City with respect to its representations, warranties and certifications in the Tax Certificate relating to the Series 2018 B Bonds and by Steptoe & Johnson PLLC in rendering its opinions with respect to the Series 2018 B Bonds, including its opinion that the interest on the Series 2018 B Bonds is excludable from gross income for Federal income tax purposes.

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Dated the day and year first written above.

COMPASS MUNICIPAL ADVISORS, LLC

By: _____

Name: Brian Nurick

Title: Managing Director

Exhibit A

Financing Schedules

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of December 27, 2018, is executed and delivered by and among the City of Charles Town (the "City") and the Charles Town Utility Board ("CTUB" and, collectively with the City, the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice,

Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the duly appointed and acting City Manager of the City (the "City Manager") or the City Manager's or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having 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) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed in Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the last day of the fiscal year immediately following the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2018. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form

attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

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, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Tender offers;"

13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

14. "Merger, consolidation, or acquisition of the obligated person, if material;"

15. "Appointment of a successor or additional trustee, if any, or the change of name of a trustee, if any, if material;"

16. "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and

17. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;" other than those communications included in the Rule;

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;" and

10. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "Timing of annual disclosure (120 days);"

3. "change in fiscal year/timing of annual disclosure;"

4. "change in accounting standard;"

5. "interim/additional financial information/operating data;"

6. "budget;"

7. "investment/debt/financial policy;"

8. "information provided to rating agency, credit/liquidity provider or other third party;"

9. "consultant reports;" and

10. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 11:59 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information substantially in the form of the information provided in the Official Statement under the headings "THE COMBINED WATERWORKS AND SEWERAGE SYSTEM," taking into account, however, the acquisition by the City of the Ranson Sewerage System and the District Assets (as such terms are defined in the Official Statement).

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person 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 Obligated Person, 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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 terms, if material;

14. Appointment of a successor or additional trustee, if any, or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided, that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth (10th) business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided, that such date is not later than the tenth (10th) business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of

1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report,

Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty (30) days written notice to the Disclosure Dissemination Agent and the Trustee, if any, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty (30) days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided, neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than twenty (20) days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No

such amendment shall become effective if the Issuer shall, within ten (10) days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws); provided, however, that obligations of the Issuer shall be governed by, and construed and interpreted in accordance with, the laws of the State of West Virginia..

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: Diana O'Brien
Title: Senior Vice President

CITY OF CHARLES TOWN

By: _____
Name: Scott Rogers
Title: Mayor

CHARLES TOWN UTILITY BOARD

By: _____
Name: Daryl Hennessy
Title: Chairman

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

CITY OF CHARLES TOWN

By:_____
Name: Scott Rogers
Title: Mayor

CHARLES TOWN UTILITY BOARD

By:_____
Name: Daryl Hennessy
Title: Chairman

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	City of Charles Town (West Virginia)
Obligated Person(s)	_____
Name of Bond Issue:	The City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
Date of Issuance:	_____ __, 2018
Date of Official Statement	_____ __, 2018

CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
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CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	City of Charles Town
Obligated Person:	_____
Name of Bond Issue:	The City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
Date of Issuance:	_____ __, 2018
Date of Disclosure Agreement:	_____ __, 2018
CUSIP Number:	_____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

_____

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

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, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Tender offers;"
13._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14._____"Merger, consolidation, or acquisition of the obligated person, if material;"
15._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16._____"Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
17._____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name:_____ Title:_____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100
Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of **[C10]** _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party; and"
10._____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name:_____ Title:_____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ __, 2018 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1._____"quarterly/monthly financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"interim/additional financial information/operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name:_____ Title:_____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

SEC Post-Issuance Compliance and Repository Services
Pricing Agreement
City of Charles Town, West Virginia

The City of Charles Town, West Virginia (the "City") has bond issues subject to the continuing disclosure requirements of SEC Rule 15c2-12, and hereby engages DAC to compile and maintain undertaking requirements, provide notice of and file rating changes, offer ongoing training, file and disseminate information provided to DAC in connection with its bond issues, and assist in developing policies and procedures for secondary municipal market securities requirements. The City may apply the DAC Bond™ logo to future bond issues alerting regulatory bodies, rating agencies, broker-dealers and investors of ongoing information filings to the DAC system upon the execution of the Continuing Disclosure Agreement by both parties. DAC will provide the following services in its role as Disclosure Dissemination Agent for all bond issues listed in the attached Exhibit A. The City is responsible for notifying DAC of any changes to CUSIP numbers, including but not limited to, new CUSIPs assigned to existing bonds due to a remarketing or refunding.

Compliance and Repository Services:

1. Prepare, with respect to the City, a list of required information to be included in the Annual Financial Report (quarterly or monthly) to be provided by the City, including whether Audited Financial Statements are required to be included in the Annual Financial Report, and the date by which such Annual Financial Report is to be provided for each Issue of bonds on the DAC system.

2. Review the historical information on file at EMMA and offer an online process (a "***Continuing Disclosure 5 Year Compliance Review***") which will allow the City to customize, subject to the provisions of this Agreement, its use of the DAC system to determine whether there has been past compliance failures by the City with its prior continuing disclosure undertakings.

3. Provide an integrated repository for seamless disclosure of the City's municipal bonds under Rule 15c2-12 and their non-municipal direct/taxable issues.

4. Provide templates in Excel format for completion of all operating data as required by each Continuing Disclosure Agreement (provided separately to DAC by the issuer) reviewed for completion and timeliness of all filings via the DAC system. All filings will be formatted to meet EMMA identification requirements for all filings effective, July 1, 2009.

5. Establish an automated tickler system with reporting due dates as required in each Continuing Disclosure Agreement (or the "Continuing Disclosure" summary section where the Continuing Disclosure Agreement is not shown as an exhibit or appendix in the Official Statement or provided separately to DAC) and linked to the Excel template prepared as stated above.

6. Provide notification for rating agencies' actions affecting any outstanding bonds listed on DAC.

7. Disseminate original documents filed with EMMA and provide receipt of all filings of ongoing financial information, material event notices, irrevocable failure to file notices, press releases, management discussions, and supplemental information on the DAC system.

8. Offer a minimum of 12 hours of continuing education annually as approved by the National Boards of Accountancy (NASBA)

9. Assist in developing written SEC policies and procedures.

Investors Relations Services:

10. Establish a unique website for investor relations and repository of all compliance information (rolling five (5) years) to be held in DAC's secured centralized database and available to any investors free of charge.
11. Provide bondholder reports, upon request, of investors reporting as required by the SEC.
12. Provide web casting on any scheduled investor calls through the use of audio/video technology, upon request.
13. Provide on-line, real-time questions and answer forum for investors.

For the services outlined above, DAC charges a one-time $2,500 set-up fee for each new issue and a $2,500 annual filing fee. The total fees due, are:

Set-up fee of existing undertakings + new bond issue	$ 2,500
Ongoing annual filing/storage fee	2,500
Due Upon Execution	$ 5,000

The services and this contract in its entirety described herein will be exclusively performed in Florida. DAC will bill for its services at the time of initial set-up on the DAC system, prior to releasing information to investors. All bond calls, defeasance notices or other material event notices will be disseminated by DAC. This agreement may be cancelled by either party with thirty (30) day written notice.

By: Paula Stuart
Paula Stuart
CEO
Digital Assurance Certification
Dated: December 10, 2018

By:
Name: DANIEL HENNESSY
Title: CITY MANAGER, CTUSTEE CHAIR
City of Charles Town, West Virginia
Agreed to and effective on this date: 12-12-18

Any assistance services provided by DAC are not intended to be "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), and you acknowledge that DAC shall not be acting as a "municipal advisor" with respect to your "municipal financial products" or the "issuance of municipal securities" (as such terms are defined in the Act).

DAC will make the System available to the City subject to the Terms of Use posted on the System. The City acknowledges and agrees that the Terms of Use form a part of this Agreement and agrees to comply with the Terms of Use in its use of the System. The City understands that to use the System, each of the City's registered users must acknowledge acceptance of the Terms of Use on the City's behalf, and the City represents that its users are authorized to accept the Terms of Use on the City's behalf. The City may not use the System with respect to any bond issues of any third party or for any bonds issued by the City other than the Bonds.

The DAC System is protected by one or more pending and/or issued patent applications, copyrights, trademarks, service marks, international treaties, and/or other proprietary rights and laws of the U.S. and other countries. The System is also protected as a collective work or compilation under U.S. copyright and other laws and treaties. All individual elements making up the System are also copyrighted works. The City agrees to abide by all applicable copyright and other laws, as well as any additional copyright notices or restrictions contained in the System. DAC grants the City a limited license to access and make personal use of the System solely in accordance with this Agreement. Any unauthorized use of the System shall terminate the permission or license granted to the City by DAC and will make any further use of the System an infringement of DAC's intellectual property rights. All rights not expressly granted under this Agreement are reserved by DAC.

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

December 27, 2018

Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1
(West Virginia Water Development Authority);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2
(West Virginia SRF Program);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3
(West Virginia Infrastructure Fund);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4
(West Virginia SRF Program);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5
(West Virginia SRF Program);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6
(West Virginia SRF Program); and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7
(West Virginia DWTRF Program);

and

Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
(Bank Qualified)

The 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 set forth in the sewer rate ordinance enacted by the City of Charles Town (the "Issuer") on August 6, 2018 and the water rate ordinance enacted August 6, 2018, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by the Issuer, it is my 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 repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's: (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water

164 Lina Lane ▪ Martinsburg, WV 25405
304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@jckunkleassociates.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Development Authority); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program); (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund); (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program); (v) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program); (vi) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program); (vii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program); and (viii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), dated December 27, 2018, issued in the original aggregate principal amount of $3,065,000 (collectively, the "Series 2018 Bonds"), and all other obligations secured by a lien on or payable from such revenues, 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");

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"); and

23. 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") (collectively referred to as the "Prior Bonds").

It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2018 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the assumption and re-designation of the Series 2018 Bonds, if any, 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 2018 Bonds and the Prior Bonds.

J. C. Kunkle & Associates, P.C.

Martinsburg, West Virginia

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 12, 2018

NEW ISSUE - BOOK ENTRY ONLY **RATINGS: See "Ratings" herein**

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 2018 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 for taxable years beginning before January 1, 2018. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2018 B Bonds and the interest thereon are exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. See West Virginia Code 8-20-5 and "APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION" herein. The above opinions are subject to certain limitations and exceptions. See "TAX MATTERS" herein.

$3,000,000*
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)

Dated: Date of Delivery **Due:** As shown on inside front cover

The Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the "Series 2018 B Bonds"), are being issued by the City of Charles Town, West Virginia (the "Issuer" or "City") to provide funds: (i)(a) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds (all as defined herein), and (b) to pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets (collectively, the "Project"); (ii) to fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2018 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2018 B Municipal Bond Insurance Policy") from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) to pay Costs of Issuance of the Series 2018 B Bonds and related costs. The Series 2018 B Bonds Reserve Account shall be funded through the Series 2018 B Reserve Policy issued simultaneously with the delivery of the Series 2018 B Bonds by the Bond Insurer in the amount equal to the Series 2018 B Bonds Reserve Requirement. For a description of the Bond Insurer, the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy, see "SECURITY FOR THE SERIES 2018 B BONDS – Sources of Payment," "APPENDIX J – BOND INSURER," "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY," and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein.

Interest on the Series 2018 B Bonds is payable on each June 1 and December 1, commencing June 1, 2019 (each, a "Payment Date"). So long as the Series 2018 B Bonds are maintained under a book-entry system, payments of the principal of, and premium, if any, and interest on, the Series 2018 B Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owners in accordance with the Series 2018 B Ordinance (as defined herein), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any of the Series 2018 B Bonds. See "THE SERIES 2018 B BONDS" and "APPENDIX E - BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2018 B Bonds are subject to optional redemption prior to maturity as set forth herein. See "THE SERIES 2018 B BONDS – Redemption Provisions for Series 2018 B Bonds" herein.

The Series 2018 B Bonds are limited special obligations of the Issuer payable solely from and secured by the Gross Revenues (herein defined) derived from the combined waterworks and sewerage system of the Issuer, which is managed, operated and maintained by the Charles Town Utility Board ("CTUB"), and any extensions, improvements and betterments thereto, specifically including but not limited to, the District Assets acquired simultaneously with the issuance of the Series 2018 B Bonds (collectively, the "Combined Waterworks and Sewerage System" or "System"), on a parity with the Prior Bonds (defined herein), the Series 2018 A Bonds (defined herein), any Additional Parity Bonds (defined herein) that may hereafter be issued by the Issuer, and from funds on deposit in, and with respect to the Series 2018 B Bonds Reserve Account, the Series 2018 B Reserve Policy pledged to, the Series 2018 B Bonds Reserve Account and the Series 2018 B Bonds Sinking Fund, and the unexpended proceeds of the Series 2018 B Bonds, all as more fully described herein. See "INTRODUCTION – Use of the Series 2018 B Bonds Proceeds" herein.

The Issuer has designated the Series 2018 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. See "TAX MATTERS" herein.

The Series 2018 B Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, and the Issuer shall not be obligated to pay the Series 2018 B Bonds or the interest thereon except from the above-referenced Gross Revenues and the Series 2018 B Bonds Sinking Fund and Series 2018 B Bonds Reserve Account therein. The Series 2018 B Bonds shall not be general obligations of the Issuer. Neither the credit nor the taxing power of the Issuer shall be deemed to be pledged to, nor shall any tax ever be levied for, the payment of the principal of or interest on the Series 2018 B Bonds.

The Series 2018 B Bonds are issued in fully registered form in the denomination of $5,000 principal amount or any integral multiple thereof. Purchasers of the Series 2018 B Bonds will not receive certificates representing their interests in the Series 2018 B Bonds purchased. The Series 2018 B Bonds will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC").

The scheduled payment of principal of and interest on the Series 2018 B Bonds when due will be guaranteed under the Series 2018 B Municipal Bond Insurance Policy to be issued simultaneously with the delivery of the Series 2018 B Bonds by Build America Mutual Assurance Company ("BAM"). For the form of the Series 2018 B Municipal Bond Insurance Policy, see "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

BAM

This cover page contains only a brief description of the Issuer, the Project, and the Series 2018 B Bonds and the security therefor. This cover page is not a summary of this Official Statement. Investors should read the entire Official Statement, including all Appendices, to obtain information essential to the making of an informed investment decision.

The Series 2018 B Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offering, without notice, and to the unqualified approval of legality by Steptoe & Johnson PLLC, Bond Counsel to the Issuer. Steptoe & Johnson PLLC also serves as Disclosure Counsel to the Issuer and CTUB in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Underwriter's Counsel. Certain legal matters will be passed upon for the Issuer by special counsel, Steptoe & Johnson PLLC. Certain legal matters will be passed upon for CTUB by its counsel, Hoy G. Shingleton, Jr., Esquire. Compass Municipal Advisors, LLC, is serving as independent municipal advisor to the Issuer and CTUB. It is expected that the Series 2018 B Bonds will be available for delivery through DTC on or about December 27, 2018.

Dated: December __, 2018

Crews&Associates
Member First Security Bancorp

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The Issuer deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof and certain pages herein which have been omitted in accordance with said Rule and which will be supplied in the final Official Statement.

$3,000,000*

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)

MATURITIES, AMOUNTS AND INTEREST RATES*

$_____* Serial Bonds

Maturing (June 1)	Principal Amount*	Interest Rate (%)	Yield (%)	CUSIP** Base #	Maturing (June 1)	Principal Amount*	Interest Rate (%)	Yield (%)	CUSIP** Base #
2019					2027				
2020					2028				
2021					2029				
2022					2030				
2023					2031				
2024					2032				
2025					2033				
2026									

*Preliminary, subject to change.

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services ("GCS") operated by S&P Capital IQ base and does not serve in any way as a substitute for the CGS. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of investors. Neither the Issuer nor the Underwriter is responsible for the selection or uses of these CUSIP members, and no representation is made as to their correctness on the Series 2018 B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2018 B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of a secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2018 B Bonds.

[***Priced to first optional redemption date of _____ 1, 20__.]

CITY OF CHARLES TOWN

MAYOR

Scott Rogers, Mayor

COUNCIL

Michael Tolbert
Chester A. Hines
Michael Brittingham
Nick Zaglifa
Ann Paonessa
Todd Coyle
Micheal W. George
Bob Trainor

CITY MANAGER

Daryl Hennessy

SPECIAL COUNSEL TO THE CITY OF CHARLES TOWN

Steptoe & Johnson PLLC

CHARLES TOWN UTILITY BOARD

Daryl Hennessy, Chairman
Pete Kubic
Kevin Tester
Michael Slover
Keith D. Pierson

UTILITY MANAGER OF CHARLES TOWN UTILITY BOARD

Jane E. Arnett, CPA

COUNSEL TO CHARLES TOWN UTILITY BOARD

Hoy G. Shingleton, Jr., Esq.

BOND COUNSEL AND DISCLOSURE COUNSEL

Steptoe & Johnson PLLC

PAYING AGENT

West Virginia Municipal Bond Commission

REGISTRAR

United Bank

UNDERWRITER

Crews & Associates, Inc.

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2018 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 Issuer, CTUB or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the Issuer, CTUB 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 Issuer, CTUB or the Combined Waterworks and Sewerage 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 Issuer, CTUB 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 Issuer, CTUB or the Combined Waterworks and Sewerage System.

The Series 2018 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 Combined Waterworks and Sewerage System, and from the funds on deposit in, and in the case of the Series 2018 B Bonds Reserve Account, the Series 2018 B Reserve Policy pledged to, the Series 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account, and the unexpended proceeds of the Series 2018 B Bonds, all as herein provided. No Holder or Holders of the Series 2018 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2018 B Bonds or the interest thereon.

Bond Insurance Policy

BAM makes no representation regarding the Series 2018 B Bonds or the advisability of investing in the Series 2018 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 "SECURITY FOR THE SERIES 2018 B BONDS – Bond Insurance", "APPENDIX J – BOND INSURER," "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY", and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein.

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," "assumed" 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.

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 Issuer is relying on an exemption from registration by qualification under the West Virginia Securities Act.

The Series 2018 B Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom.

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Series 2018 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 THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 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

$3,000,000*

CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)

INTRODUCTION

General

This Official Statement, including the cover page and the Appendices herein, is provided to set forth certain information concerning the issuance by the City of Charles Town, a political subdivision and municipal corporation of the State of West Virginia (the "Issuer" or "City"), of $3,000,000* in aggregate principal amount of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the "Series 2018 B Bonds"). The Series 2018 B Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), particularly Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and an ordinance enacted by the Council of the Issuer on September 17, 2018, supplemented by a Supplemental Parameters Resolution adopted by the Council of the Issuer on December 3, 2018, and a Certificate of Determinations executed by the Mayor of the Issuer on December __, 2018 (said ordinance, as so supplemented, is collectively referred to herein as the "Series 2018 B Ordinance").

Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Series 2018 B Ordinance.

The City of Charles Town

The Issuer is a municipality with a population of approximately 5,800 residents located in Jefferson County, West Virginia. The Issuer, through the Charles Town Utility Board ("CTUB") (hereinafter described), provides potable water treatment, storage and distribution service (collectively, the assets specifically including, but not limited to, real and personal property associated with providing such service, as presently and hereafter existing, including the District Water System once acquired, the "Water System") and sanitary sewerage collection and treatment service (collectively, the assets specifically including, but not limited to, real and personal property associated with providing such service, as presently and hereafter existing, including the District Sewer System once acquired, the "Sewer System" and together with the Water System, the "Combined Waterworks and Sewerage System" or the "System") to the residents of the Issuer, and to customers located in the City of Ranson and outside the corporate boundaries of the Issuer. Pursuant to the Act, the Issuer enacted an ordinance on March 16, 1998 (as supplemented, the "CTUB Ordinance"), creating CTUB for the purpose of operating, managing and maintaining the Water System and the Sewer System as a combined waterworks and sewerage system under the Act.

Pursuant to the Act, the Issuer, through its City Council, retains the following authority with respect to CTUB and the Combined Waterworks and Sewerage System:

a. Appointment of the members of the Board of Directors of CTUB;

b. Authorization of all changes in rates and charges for the Water System and Sewer System;

c. Issuance of bonds, notes and other debt obligations secured by the Revenues of the Combined Waterworks and Sewerage System;

d. Approval of capital projects for the Water System and Sewer System which are not "in the normal course of business;" and

e. Approval of real property condemnations for the Combined Waterworks and Sewerage System.

* Preliminary, subject to change.

The Combined Waterworks and Sewerage System is an "enterprise" of the Issuer and, as such, the Gross Revenues from, and assets of, the Combined Waterworks and Sewerage System may only be used for the purposes of the Combined Waterworks and Sewerage System. Gross Revenues are defined in the Series 2018 B Ordinance as:

> 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). See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

Charles Town Utility Board

CTUB has control over, and is responsible for, all aspects of the management, operation, maintenance, expansion and improvement of the Combined Waterworks and Sewerage System with the exception of the powers specifically reserved to City Council pursuant to the Act, as set forth above. Except as noted, CTUB operates as an independent board of the City, funded entirely from the Gross Revenues of the Combined Waterworks and Sewerage System.

During the fiscal year ended June 30, 2018, CTUB provided, on average, retail potable water service to 6,114 customers each month and retail sewer service to approximately 3,325 customers each month. As of July 1, 2018, the City acquired the public sanitary sewerage system of the City of Ranson (the "Ranson Sewerage System"). During the fiscal year ended June 30, 2018, the Ranson Sewerage System provided, on average, sanitary sewerage service to approximately 1,731 customers each month. Contemporaneously with the issuance of the Series 2018 B Bonds, the City will acquire the District Assets (as defined herein). During the fiscal year ended June 30, 2018, the District provided, on average, potable water service to approximately 116 customers each month and sanitary sewerage service to approximately 2,675 each month. Upon the acquisition of the District Assets contemporaneously with the issuance of the Series 2018 B Bonds, CTUB will provide retail water service to approximately 6,457 customers and retail sewer service to approximately 7,731 customers. See "THE ISSUER AND THE CHARLES TOWN UTILITY BOARD" herein.

Use of the Series 2018 B Bonds Proceeds

The net proceeds from the sale of the Series 2018 B Bonds will be applied as follows: (i)(a) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing to January 18, 2019, the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds (all as defined herein), and (b) to pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets (collectively, the "Project"); (ii) to fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2018 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2018 B Municipal Bond Insurance Policy") from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) to pay Costs of Issuance of the Series 2018 B Bonds and related costs. See "PURPOSE AND PLAN OF FINANCING" herein.

The portion of the proceeds of the Series 2018 B Bonds to be used to finance the Costs of the Project shall be applied, as applicable, to: (i) the sinking fund established for the District 2010 A Bonds and held by the West Virginia Municipal Bond Commission (the "Commission") in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2010 A Bonds on January 18, 2019; (ii) the sinking fund established for the District 2013 A Bonds and held by the Commission in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2013 A Bonds on January 18, 2019; and (iii) the payment on the Closing Date to the holder of the District 2015 Bonds an amount sufficient to pay in full the outstanding principal of, and

interest on, the District 2015 Bonds. The proceeds of the Series 2018 B Bonds will be invested in Permitted Investments pursuant to the Series 2018 B Ordinance.

Security and Sources of Payment for the Series 2018 B Bonds

The Series 2018 B Bonds are payable solely from and secured by the Gross Revenues derived from the Combined Waterworks and Sewerage System of the Issuer, on a parity with the Series 2018 A Bonds (defined herein), the Prior Bonds (hereinafter defined) and any Additional Parity Bonds (hereinafter defined) that may hereafter be issued by the Issuer as permitted by the Series 2018 B Ordinance (the Series 2018 B Bonds, the Series 2018 A Bonds, the Prior Bonds and any such Additional Parity Bonds, are collectively referred to herein as the "Bonds"), from the unexpended proceeds of the Series 2018 B Bonds, and from funds on deposit in the Series 2018 B Bonds Sinking Fund, and the Series 2018 B Reserve Policy pledged to, and any funds on deposit in, the Series 2018 B Bonds Reserve Account, established for the Series 2018 B Bonds pursuant to the Series 2018 B Ordinance. Additionally, the payment of the principal of and interest on the Series 2018 B Bonds when due will be guaranteed under the Series 2018 B Municipal Bond Insurance Policy to be issued by BAM. See "APPENDIX J – BOND INSURER" and "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

The Series 2018 B Bonds are limited special obligations of the Issuer. The Series 2018 B Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation on indebtedness, and the Issuer shall not be obligated to pay the principal of the Series 2018 B Bonds, or the interest or premium, if any, thereon, except from the Gross Revenues and funds on deposit in the Series 2018 B Bonds Sinking Fund, the Series 2018 B Bonds Reserve Account established therefor, and the unexpended proceeds of the Series 2018 B Bonds. Pursuant to the Series 2018 B Ordinance, the Issuer has covenanted and agreed that the schedule or schedules of rates and charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 115% of the Maximum Annual Debt Service on the Bonds then outstanding in any Fiscal Year. See "SECURITY FOR THE SERIES 2018 B BONDS – Rate Covenant" herein.

The Series 2018 B Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described under the heading "THE SERIES 2018 B BONDS" herein. The Series 2018 B Bonds will initially be maintained under a book-entry system. So long as the Series 2018 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 2018 B Bonds shall be determined as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued for any reason, principal of, and interest and premium, if any, on the Series 2018 B Bonds will be payable by the Commission, as paying agent (the "Paying Agent") to the owners thereof at the address appearing in the books kept by United Bank, Charleston, West Virginia as 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 2018 B BONDS" herein and "APPENDIX H –SERIES 2018 B ORDINANCE" herein.

There are outstanding obligations of the Issuer which will rank on parity with the Series 2018 B Bonds as to lien, pledge, source of and security for payment. See "SECURITY FOR THE SERIES 2018 B BONDS" herein. The Issuer may issue additional bonds on parity with the Series 2018 B Bonds, the Series 2018 A Bonds, and the Prior Bonds ("Additional Parity Bonds") for the purpose of financing the costs of design, acquisition, construction and/or equipping of additions, betterments or improvements to the Combined Waterworks and Sewerage System, to refund all or a portion of one or more series of Bonds, to pay claims which may exist against the revenues or facilities of the Combined Waterworks and Sewerage System or all of such purposes, subject in each case to certain tests and conditions provided for in the Series 2018 B Ordinance, the Series 2018 A Ordinance (defined herein), and the Prior Ordinances (as defined herein). See "SECURITY FOR THE SERIES 2018 B BONDS – Additional Parity Bonds" herein.

Brief descriptions of the Series 2018 B Bonds, the Project, the Combined Waterworks and Sewerage System, the Series 2018 B Ordinance, certain provisions of the Act and the Undertaking (hereinafter defined) are set forth in this Official Statement, as well as other information in the Appendices herein. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Series 2018 B Ordinance, the Undertaking, the Act and other documents, statutes, reports or instruments are qualified in their entirety by reference to such documents, statutes, reports or instruments. References herein to the Series 2018 B Bonds are qualified in their entirety by reference to the form thereof included in the Series 2018 B Ordinance and the information with respect thereto included in the aforesaid documents. See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

PURPOSE AND PLAN OF FINANCING

The Project

The Series 2018 B Bonds are being issued to: (i)(a) acquire from the District the District Assets and as consideration therefore pay in full or defease the following obligations of the District which are secured by either a first or junior lien on the net revenues of the District Sewer System: Sewer Refunding Revenue Bonds, 2010 Series A (the "District 2010 A Bonds"), Sewer Revenue Bonds, 2013 Series A (the "District 2013 A Bonds") and Sewer Revenue Bonds, Series 2015 (the "District 2015 Bonds") and (b) pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets; (ii) fund the Series 2018 B Bonds Reserve Account through the purchase of the Series 2018 B Reserve Policy in an amount equal to the Series 2018 B Bonds Reserve Account from the Bond Insurer; (iii) pay the premium for the Series 2018 B Municipal Bond Insurance Policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) pay Costs of Issuance of the Series 2018 B Bonds and related costs.

Contemporaneously with the acquisition of the District Assets by the City, the City will, pursuant to an Ordinance enacted by City Council on September 17, 2018, as supplemented by a Supplemental Resolution adopted on December 3, 2018 (collectively, the "Series 2018 A Ordinance"), assume certain sewer revenue bonds of the District which are held by the West Virginia Water Development Authority (the "WDA") on its own behalf or as agent of the West Virginia Infrastructure and Jobs Development Council and the West Virginia Department of Environmental Protection State Revolving Fund. Specifically, the City will assume the following sewer revenue bonds of the District which until the date of acquisition of the District Sewer System by the City are secured by the net revenues of the District Sewer System:

(i) Sewer Revenue Bonds, Series 1988 B (the "District 1988 B Bonds");

(ii) Sewer Revenue Bonds, Series 1998 B (the "District 1998 B Bonds");

(iii) Sewer Revenue Bonds, Series 1998 C (the "District 1998 C Bonds");

(iv) Sewer Revenue Bonds, Series 1999 A (the "District 1999 A Bonds");

(v) Sewer Revenue Bonds, Series 2000 A (the "District 2000 A Bonds"); and

(vi) Sewer Revenue Bonds, Series 2008 A (the "District 2008 A Bonds" and collectively with the District 1988 B Bonds, the District 1998 B Bonds, the District 1998 C Bonds, the District 1999 A Bonds, and the District 2000 A Bonds, the "District Sewer Bonds").

Contemporaneously with the acquisition of the District Assets by the City, the City will also, pursuant to the Series 2018 A Ordinance, assume a water revenue bond of the District which is held by the WDA as agent of the West Virginia Bureau of Public Health Drinking Water Trust Revolving Fund. Specifically, the City will assume the following water revenue bond of the District which until the date of acquisition of the District Water System by the City is secured by the net revenues of the District Water System;

(i) Water Revenue Bonds, Series 2014 A (the "District 2014 A Bonds" or the "District Water Bonds").

Pursuant to the Series 2018 A Ordinance and with the consent of the WDA, the District Sewer Bonds and the District Water Bonds will be amended and restated to provide security to the bondholder in the Gross Revenues of the Combined Waterworks and Sewerage System on a parity with the Prior Bonds (as hereinafter defined), the Series 2018 B Bonds and any Additional Parity Bonds and will be re-designated as follows:

(i) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority)" (the "Series 2018 A-1 Bonds");

(ii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program)" (the "Series 2018 A-2 Bonds");

(iii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund)" (the "Series 2018 A-3 Bonds");

(iv) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program)" (the "Series 2018 A-4 Bonds");

(v) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program)" (the "Series 2018 A-5 Bonds");

(vi) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program)" (the "Series 2018 A-6 Bonds"); and

(vii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), (the "Series 2018 A-7 Bonds" and collectively with the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds and the Series 2018 A-6 Bonds, the "Series 2018 A Bonds").

Proceeds of the Series 2018 B Bonds shall, on the closing date, be applied to: (i) the sinking fund established for the District 2010 A Bonds and held by the Commission in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2010 A Bonds on January 18, 2019; (ii) the sinking fund established for the District 2013 A Bonds and held by the Commission in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2013 A Bonds on January 18, 2019; and (iii) the payment on the Closing Date to the holder of the District 2015 Bonds an amount sufficient to pay in full the outstanding principal of, and interest on, the District 2015 Bonds.

All required approvals and consents for the acquisition of the District Assets and the assumption and re-designation of the District Sewer Bonds and the District Water Bonds have been obtained, specifically including, but not limited to, the approval of the Public Service Commission of West Virginia, as well as the WDA as the holder of the District Sewer Bonds and the District Water Bonds.

The remaining proceeds of the Series 2018 A Bonds will be used to (i) pay, or reimburse CTUB for, costs associated with the acquisition of the District Assets, specifically including, but not limited to, engineering fees, accounting fees, legal fees, permit fees and other costs necessary and required to permit the acquisition; (ii) fund the Series 2018 B Bonds Reserve Account through the purchase the Series 2018 B Reserve Policy the Bond Insurer; (iii) pay the premium for the Series 2018 B Municipal Bond Insurance Policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) pay costs of issuance of the Series 2018 B Bonds.

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SOURCES AND USES OF FUNDS*

The following table sets forth a summary of the estimated sources and uses of funds relating to the issuance of the Series 2018 B Bonds and the funding of the Project.

Sources of Funds:	
Par Amount of Series 2018 B Bonds	$
Net Original Issue Premium or (Discount)	
Transfer from District 2010 A Bonds DSR Fund	
Transfer from District 2010 A Bonds Sinking Fund	
Transfer from District 2013 A Bonds DSR Fund	
Transfer from District 2013 A Bonds Sinking Fund	
Total Sources of Funds:	$
Uses of Funds:	
Deposit Discharge Amount to District 2010 A Bonds Sinking Fund	$
Deposit Discharge Amount to District 2013 A Bonds Sinking Fund	
Remit Discharge Amount to Holder of District 2015 Bonds	
Remit Bond Insurance Premium to Bond Insurer	
Remit Surety Bond Premium to Bond Insurer	
Deposit to CTUB for Acquisition Costs	
Remit Costs of Issuance (1)	
Total Uses of Funds:	$

(1) Includes Underwriter's discount, Bond Counsel fees, Disclosure Counsel fees, Underwriter's Counsel fees, Registrar fees, Disclosure Agent fees, Municipal Advisor fees and other costs associated with the issuance of the Series 2018 B Bonds.

See "DEBT SERVICE REQUIREMENTS" herein for a discussion of the structure of, and debt service payable on, the Series 2018 B Bonds.

* Preliminary, subject to change.

THE SERIES 2018 B BONDS

General

The Series 2018 B Bonds are dated the date of delivery. All Series 2018 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 2018 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 2018 B Bonds shall be in default, Series 2018 B Bonds issued in exchange for Series 2018 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 2018 B Bonds so surrendered. The Series 2018 B Bonds will bear interest from their date, payable semiannually on each June 1 and December 1 in each year (each an "Interest Payment Date"), commencing June 1, 2019, until maturity or until the date fixed for redemption if a Series 2018 B Bond is called for prior redemption and payment on such date as provided for.

Redemption Provisions for Series 2018 B Bonds

Optional Redemption

The Series 2018 B Bonds are subject to redemption at par (or at a redemption price of 100%), at the option of the Issuer on or after _____ 1, 20__, in whole or in part, at any time by lot, at an amount of the principal amount, plus interest, if any, accrued to the date fixed for redemption.

Notice of Redemption

Unless waived by any holder of the Series 2018 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 or electronic transmission, or in such other manner as is customary in the municipal finance industry at the time of such redemption, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2018 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 Registrar.

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

(1) The redemption date,

(2) The redemption price,

(3) If less than all outstanding Series 2018 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2018 B Bonds to be redeemed,

(4) That on the redemption date the redemption price and interest accrued will become due and payable upon each such Series 2018 B 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 Series 2018 B 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 2018 B Bonds called for optional redemption have not been deposited with the Paying Agent at the time of 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 2018 B Bonds called for redemption of such fact.

Book-Entry Only System

The Series 2018 B Bonds will be issued as fully registered Series 2018 B Bonds without coupons, in denominations of $5,000 or any integral multiples thereof for any year of maturity. Interest on the Series 2018 B Bonds shall be payable by check or draft made payable and mailed by the Paying Agent, to the Registered Owner thereof as of the applicable Record Date (each May 15 and November 15) or, at the option of any Registered Owner of $1,000,000 or more of the Series 2018 B Bonds, by electronic or wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such Registered Owner. Principal of, and interest and premium, if any, on, the Series 2018 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 thereof at the principal corporate trust office of the Paying Agent.

Ownership of any Series 2018 B Bond may be transferred only by transfer of registration presented to the Registrar 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 his duly authorized attorney or legal representative. Upon any such transfer of a Series 2018 B Bond, there will be issued another Series 2018 B Bond or Series 2018 B Bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred Series 2018 B Bond and of the same series, interest rate and maturity of said transferred Series 2018 B Bond. For every exchange or transfer of Series 2018 B Bonds, the Registrar may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Any applicable tax, governmental charge or charge to reimburse the Registrar for any tax or governmental charge shall be paid by the person requesting such exchange or transfer 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 2018 B Bonds that have been called for redemption.

Purchasers of the Series 2018 B Bonds will not receive certificates representing their interests in the Series 2018 B Bonds purchased. The Series 2018 B Bonds are available in book-entry form only and will be registered in the name of "Cede & Co." See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" herein. So long as Cede & Co. is the registered owner of the Series 2018 B Bonds as nominee of The Depository Trust Company, New York, New York ("DTC"), references herein to the Bondholders or registered owners of the Series 2018 B Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2018 B Bonds.

Neither the Issuer nor CTUB can or does give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2018 B Bonds (1) payments of principal of or interest and premium, if any, on the Series 2018 B Bonds, (2) confirmation of beneficial ownership interest in the Series 2018 B Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2018 B Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

None of the Issuer, CTUB or the Paying Agent shall have any responsibility or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Participant, (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of or interest on the Series 2018 B Bonds, (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Series 2018 B Ordinance to be given to Bondholders, or (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2018 B Bonds.

SECURITY FOR THE SERIES 2018 B BONDS

The Series 2018 B Bonds are limited special obligations of the Issuer and are payable as to principal, premium, if any, and interest solely from the sources described below. Neither the Issuer nor CTUB is under any obligation to pay the Series 2018 B Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2018 B Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Gross Revenues derived from the Combined Waterworks and Sewerage System, on a parity with the Prior Bonds (as hereafter defined), the Series 2018 A Bonds and any Additional Parity Bonds that may hereafter be issued by the Issuer as permitted by the Series 2018 B Ordinance, and the unexpended proceeds of the Series 2018 B Bonds. The Series 2018 B Bonds are also payable from the funds on deposit in the Series 2018 B Bonds Sinking Fund, and the Series 2018 B Reserve Policy pledged to, and any funds on deposit in, the Series 2018 B Bonds Reserve Account therein. See "APPENDIX H –SERIES 2018 B ORDINANCE" herein. Gross Revenues derived from the Combined Waterworks and Sewerage System in an amount sufficient to pay the principal of, and premium, if any, and interest on, the Series 2018 B Bonds and to make the payments into the Series 2018 B Bonds Sinking Fund and to pay all other payments provided for in the Series 2018 B Ordinance, and the funds on deposit in the Series 2018 B Bonds Sinking Fund, and the Series 2018 B Reserve Policy pledged to, and any funds on deposit in, the Series 2018 B Bonds Reserve Account therein, are irrevocably pledged to the payment of the principal of, and premium, if any, and interest on, the Series 2018 B Bonds as the same become due and for other purposes provided in the Series 2018 B Ordinance. See "APPENDIX H – SERIES 2018 B ORDINANCE."

Bond Insurance. The payment of the principal of and interest on the Series 2018 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2018 B Bonds by Build America Mutual Assurance Company. Information with respect to the Bond Insurer and the Series 2018 B Municipal Bond Insurance Policy is set forth in "APPENDIX J – BOND INSURER" and "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

Rate Covenant

Prior to the issuance of the Series 2018 B Bonds, rates and charges for service from the Water System were approved by ordinance enacted by the City Council on August 6, 2018, and went into effect on August 6, 2018, and the rates and charges for service from the Sewer System were approved by ordinance enacted by the City Council on August 6, 2018, and went into effect on August 6, 2018, all in the manner and form required by law. See "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES" herein. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the Combined Waterworks and Sewerage System sufficient to make the prescribed payments into the funds and accounts created under, or controlled by, the Series 2018 B Ordinance, the Series 2018 A Ordinance, the Prior Ordinances and the ordinances authorizing any hereinafter issued Additional Parity Bonds and to pay all Operating Expenses of the Combined Waterworks and Sewerage System. The Issuer has covenanted that such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenants and agrees in the Series 2018 B Ordinance that the schedule or schedules of rates and charges for the Combined Waterworks and Sewerage System from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year. See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

Series 2018 B Bonds Reserve Account

The Series 2018 B Bonds Reserve Requirement is $_____, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2018 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2018 B Bonds in any Fiscal Year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2018 B Bonds. The Issuer will obtain a municipal bond debt service reserve insurance policy from the Bond Insurer in the amount equal to the Series 2018 B Bonds Reserve Requirement which shall be pledged to the Series 2018 B Bonds Reserve Account (the "Series 2018 B Reserve Policy"). In the event funds in the Series 2018 B Bonds Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2018 B Bonds, the Paying Agent shall submit a "Notice of Nonpayment" to the Bond Insurer, which will, pursuant to the Series 2018 B Reserve Policy, pay the Paying Agent sufficient amounts to make payments of principal of and/or interest on the Series 2018 B Bonds as the same becomes due, subject to the Series 2018 B Reserve Policy. If the Series 2018 B Reserve Policy is not in effect, the Paying Agent shall withdraw cash from the Series 2018 B Bonds Reserve Account for transfer to the Series 2018 B Bonds Sinking Fund.

Information with respect to the Bond Insurer and the Series 2018 B Reserve Policy is set forth in "APPENDIX J – BOND INSURER" and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein. Under the Series 2018 B Reserve Policy, the Issuer is required to repay any draws upon the Series 2018 B Reserve Policy and any administrative expenses incurred by Bond Insurer, together with interest on the draws and the administrative expenses (collectively, the "Policy Costs"). Repayment of the Policy Costs must commence in the first month following each draw on the Series 2018 B Reserve Policy, 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 Series 2018 B Reserve Policy will be reduced by, and to the extent of, any payment made pursuant to the Series 2018 B Reserve Policy. Amounts equal to 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 Series 2018 B Reserve Policy will be increased by a like amount, subject to the terms of the Series 2018 B Reserve Policy. All cash and investments, if any, in the Series 2018 B Bonds Reserve Account shall be transferred to the Series 2018 B Bonds Sinking Fund for payment of the debt service on the Series 2018 B Bonds before any draw may be made on the Series 2018 B Reserve Policy. The Issuer does not expect there to be any cash or investments in the Series 2018 B Bonds Reserve Account.

If the Series 2018 B Reserve Policy is not in effect, in the event of a transfer from the Series 2018 B Bonds Reserve Account to the Series 2018 B Bonds Sinking Fund as aforesaid, the Issuer shall restore the balance to the Series 2018 B Bonds Reserve Account in an amount up to the Series 2018 B Bonds Reserve Requirement. The transfer of any cash by the Issuer from the Series 2018 B Bonds Reserve Account to the Series 2018 B Bonds Sinking Fund shall be replenished over twelve (12) equal monthly payments.

The Issuer's obligation to repay the Policy Costs or to otherwise replenish the Series 2018 B Bonds Reserve Account will be secured only by the Gross Revenues, as defined in the Series 2018 B Ordinance, derived from the Combined Waterworks and Sewerage System and the funds on deposit in the Renewal and Replacement Fund.

The Issuer shall be required to replace the Series 2018 B Reserve Policy, or fund the Series 2018 B Bonds Reserve Account with cash, only in the event that the Bond Insurer, or its successor or assign, ceases to be licensed by at least one state of the United States of America to provide such Series 2018 B Reserve Policy or similar insurance product. In such event, the Issuer shall have twelve (12) months after becoming aware of such event to either provide a new municipal bond debt service reserve insurance policy for, or deposit sufficient cash in, the Series 2018 B Bonds Reserve Account to satisfy the Series 2018 B Bonds Reserve Requirement therefore.

Working Capital Reserve

Pursuant to Chapter 24, Article 1, Section 1(k) of the Code of West Virginia, 1931, as amended, effective June 12, 2015, the Combined Waterworks and Sewerage 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 "Working Capital Reserve"). The budget adopted by CTUB for the July 1, 2018 to June 30, 2019 Fiscal Year satisfies the requirement to maintain a Working Capital Reserve with funds on deposit in various accounts available for the working capital for the Combined Waterworks and Sewerage System. In the event that any audited or unaudited year-end financial statement of the Combined Waterworks and Sewerage System shall find that the Working Capital Reserve for such Fiscal Year was insufficient, such finding shall not be an event of default with respect to the Series 2018 B Bonds.

Application of Gross Revenues

The entire Gross Revenues derived from the operation of the Combined Waterworks and Sewerage 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 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 Paying Agent (i) the amounts required to be paid by Prior Ordinances and Series 2018 A Ordinance for the interest on the Prior Bonds and Series 2018 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 2018 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2018 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2018 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 2018 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 2018 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2018 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2018 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2018 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 Paying Agent (i) the amounts required by the Prior Ordinances and Series 2018 A Ordinance to pay principal on the Prior Bonds and Series 2018 A Bonds; and (ii) for deposit in the Series 2018 B Bonds Sinking Fund (and in the Series 2018 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 2018 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2018 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2018 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 2018 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 2018 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 2018 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 Paying Agent (i) the amounts required by the Prior Ordinances and Series 2018 A Ordinance to be deposited in the respective Prior Bonds Reserve Accounts and Series 2018 A Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2018 B Bonds or upon completion of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2018 B Bonds, for deposit in the Series 2018 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2018 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2018 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 2018 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2018 B Bonds Reserve Account, as a result of a decrease in value of the Series 2018 B Bonds Reserve Account below the Series 2018 B Bonds Reserve Account Requirement or any withdrawal from the Series 2018 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2018 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2018 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 2018 B Bonds Reserve Account is less than the Series 2018 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2018 B Bonds Reserve Account for deposit into the Series 2018 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 2018 B Bonds Reserve Account to an amount equal to the Series 2018 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2018 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 2018 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 2018 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2018 B Bonds Reserve Account Requirement.

Amounts in the Series 2018 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2018 B Bonds when due, when amounts in the Series 2018 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the Combined Waterworks and Sewerage 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 set forth in the Prior Ordinances and the Series 2018 A Ordinance 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 of the Series 2018 B Ordinance. Subject to the restrictions contained in the Prior Ordinances and the Series 2018 A Ordinance, so long as the Prior Bonds and the Series 2018 A Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the Combined Waterworks and Sewerage 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 Combined Waterworks and Sewerage System.

Enforcement of Collections

The Issuer covenants in the Series 2018 B Ordinance to diligently enforce and collect all fees, rentals or other charges for the services and facilities of the Combined Waterworks and Sewerage System and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals and other charges that 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. Such fees, rentals and charges, if not paid when due, shall, to the extent allowed by the Act, become a lien on the premises served by the Combined Waterworks and Sewerage System.

The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the Combined Waterworks and Sewerage System and will not restore such services of the Combined Waterworks and Sewerage System until all billing for charges for the services and facilities of the Combined Waterworks and Sewerage System, including penalties and reconnect fees, have been fully paid, or the customer has entered into a payment agreement.

Additional Parity Bonds

So long as the Prior Bonds and the Series 2018 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and the Series 2018 A Ordinance shall be applicable. In addition, no Additional Parity Bonds, as defined herein, payable out of the Gross Revenues of the Combined Waterworks and Sewerage System shall be issued after the issuance of the Series 2018 B Bonds pursuant to the Series 2018 B Ordinance, except under the conditions and in the manner set forth herein.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition, construction or equipping of additions, betterments or improvements for the Combined Waterworks and Sewerage System, refunding all or a portion of one or more series of the Series 2018 B Bonds issued pursuant hereto, the Prior Bonds, the Series 2018 A Bonds, and/or any series of Additional Parity Bonds hereafter issued, paying claims which may exist against the revenues or facilities of the Combined Waterworks and Sewerage 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 the adjustments hereinafter provided for, from the Combined Waterworks and Sewerage System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2018 B Bonds then Outstanding;

(2) The Prior Bonds then Outstanding;

(3) The Series 2018 A Bonds then Outstanding;

(4) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances, the Series 2018 A Ordinance and the Series 2018 B Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any

increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal), prior to the issuance of such Additional Parity Bonds, and shall not exceed the amount to be stated in the certificate of the Independent Certified Public Accountants.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referenced 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 shall have expired (without successful appeal), prior to issuance of such Additional Parity Bonds.

The term "Additional Parity Bonds," as used herein, shall be deemed to mean additional bonds issued under the provisions and within the limitations of the Series 2018 B Ordinance, payable from the Gross Revenues of the Combined Waterworks and Sewerage System on a parity with the Series 2018 B Bonds, the Series 2018 A Bonds and the Prior Bonds, and all the covenants and other provisions of the Series 2018 B Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2018 B Bonds, the Series 2018 A Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with the Series 2018 B Ordinance. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any series of Bonds over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the ordinance authorizing such Additional Parity Bonds required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances.

The term "Additional Parity Bond" 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 2018 B Bonds on such Gross Revenues. The Issuer 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 2018 B Bonds except in the manner and under the conditions provided in the Series 2018 B Ordinance.

No Additional Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance. See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

Provided, however, that if the audit by Independent Certified Public Accountants of the System for the Fiscal Year immediately preceding the date of the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in the Series 2018 B Ordinance for the year being audited and the Issuer has, as required by the Series 2018 B Ordinance, enacted a rate ordinance changing the rates and charges for the System to comply with the Series 2018 B Ordinance, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of the Series 2018 B Ordinance, so as to prevent the Issuer from issuing Additional Parity Bonds under the Series 2018 B Ordinance.

The Issuer anticipates that it will from time to time issue Additional Parity Bonds to finance the costs of additions, betterments and improvements to the System and to refinance the Bonds and any hereafter issued Additional Parity Bonds. See "OUTSTANDING INDEBTEDNESS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM – Future Bond Issues" herein.

Special Limited Obligations

The Series 2018 B Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation on indebtedness. No registered owner of any Series 2018 B Bond shall

ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2018 B Bonds or the interest or any premium thereon, or to make any claim against and of the funds or revenues of Issuer, either existing as of the date of issuance of the Series 2018 B Bonds or in the future. CTUB has no taxing power.

BOND INSURANCE AND RESERVE POLICY

The Issuer has applied to, and executed commitments from, the Bond Insurer for the issuance, concurrently with the issuance of the Series 2018 B Bonds, of the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy. Information regarding the Bond Insurer, the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy, specifically including "APPENDIX J – BOND INSURER," "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY," and "APPENDIX L – 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 Issuer or 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 K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" for specimens of the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy, which should be read in their entirety.

Series 2018 B Municipal Bond Insurance Policy

Concurrently with the issuance of the Series 2018 B Bonds, the Bond Insurer will issue the Series 2018 B Municipal Bond Insurance Policy for the benefit of the holders of the Series 2018 B Bonds. The Series 2018 B Municipal Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2018 B Bonds when due as set forth in the form of the Series 2018 B Municipal Bond Insurance Policy included as an appendix in this Official Statement.

The Series 2018 B Municipal Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Series 2018 B Reserve Policy

Concurrently with the issuance of the Series 2018 B Bonds, the Bond Insurer will issue the Series 2018 B Reserve Policy for the Series 2018 B Bonds. The Series 2018 B Reserve Policy is issued in an amount equal to the Series 2018 B Bonds Reserve Requirement and is pledged to the Series 2018 B Bonds Reserve Account.

THE ISSUER AND THE CHARLES TOWN UTILITY BOARD

Following the acquisition of the District Assets, CTUB's service area will include the City of Charles Town, the City of Ranson and unincorporated areas of Jefferson County. The City of Charles Town is the county seat of Jefferson County, located in the eastern panhandle of West Virginia close to the Virginia border. The City is located 73 miles northwest of Washington, D.C. and 75 miles west of Baltimore. The population of Charles Town is approximately 5,800. The City of Ranson is a municipality in Jefferson County located adjacent to the City of Charles Town. The population of Ranson is approximately 4,400. Jefferson County is the easternmost county in the State of West Virginia. Its total population (including the Cities of Charles Town and Ranson) is approximately 53,400.

Jefferson County has consistently experienced among the lowest unemployment rates and the highest population growth rates in the State. Jefferson County also has among the highest per capita personal income in the State. Major employers in the area include the PNGI Charles Town Gaming, Jefferson County Board of Education, and Shepherd University.

Jefferson County is less than a day's drive from the following metropolitan areas: Washington, D.C., Baltimore, MD, Philadelphia, PA, Pittsburgh, PA, New York, NY, Cleveland, OH, Columbus, OH, and Charlotte, NC. See "APPENDIX A – THE CITY OF CHARLES TOWN (WEST VIRGINIA) ECONOMIC AND DEMOGRAPHIC DATA" herein.

Audited Financial Statements

The Series 2018 B Bonds are payable only from the Gross Revenues of the System, which are pledged to their payment, and the unexpended proceeds of the Series 2018 B Bonds. No other funds of the Issuer are available for payment of, or expected to be used to pay, the principal of, or interest on, the Series 2018 B Bonds. Likewise, the Gross Revenues of the System are not used for other purposes of the Issuer. Accordingly, detailed information regarding the Issuer has not been included in this Official Statement. The audited financial statements of CTUB for the Fiscal Year ended June 30, 2017 are included in Appendix B herein. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CHARLES TOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2017" herein. Additionally, the audited financial statements of the City of Ranson and the District for the Fiscal Year ended June 30, 2017 are included herein in Appendix C and Appendix D, respectively. See "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF RANSON FOR FISCAL YEAR ENDED JUNE 30, 2017" and "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE JEFFERSON COUNTY PUBLIC SERVICE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2017" herein. The City anticipates that the audited financial statements for CTUB, the City of Ranson and the District for the Fiscal Year ended June 30, 2018 will be available by the end of the first quarter of calendar year 2019.

Charles Town Utility Board

CTUB is a board of the City created pursuant to the Act for the express purpose of "supervising and controlling" the Combined Waterworks and Sewerage System of the Issuer to provide potable water and sanitary sewer services directly to the residents of the Issuer and to customers in certain surrounding municipalities and unincorporated areas of Jefferson County. CTUB was created by ordinance enacted on March 16, 1998 by the Council of the Issuer combining the waterworks and sewerage system of the City into a single undertaking. The System as of June 30, 2018 (prior to the acquisition of the Ranson Sewerage System), included retail potable water service to approximately 6,341 connections and retail sewer service to approximately 3,325 service connections.

CTUB's assets are valued at over $25,400,000. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CHARLES TOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2017" herein. These assets include the Charles Town Wastewater Treatment Plant in Charles Town, the Tuscawilla Wastewater Treatment Plant, and the water treatment plant in Charles Town. In addition, the Combined Waterworks and Sewerage System as of June 30, 2018, included approximately 75 miles of water distribution lines and approximately 37 miles of sewerage collection and transmission lines.

CTUB Board of Directors

Pursuant to the Act and the CTUB Ordinance, CTUB is overseen and directed by a Board of Directors (the "Board") appointed by the City Council of the City. The Board consists of five persons, one of whom is the City Manager, one of whom must be either a registered professional engineer or graduate civil engineer. Following the acquisition of the Ranson Sewerage System, one member of the Board must be an individual recommended by the City Council of the City of Ranson. Following the acquisition of the District Assets, one member of the Board will be an individual who resides in the service area of the former District and is recommended by The County Commission of Jefferson County. The remaining Board member must be a citizen and resident of the City, of outstanding reputation, ability and integrity. The Board is responsible for the management, control and operation of the System. The City Manager is, pursuant to the CTUB Ordinance, the chairperson of the Board and the other officers are elected from its members annually. The names and offices of the current members of the Board are set forth below:

Name	Title
Daryl Hennessy	City Manager, Chairman
Pete Kubic	Civil Engineer, Vice Chair
Kevin Tester	Secretary/Treasurer
Michael Slover	Board Member
Keith D. Pierson	Mayor of City of Ranson, Board Member

CTUB Professional Management

Jane E. Arnett, CPA has been employed by CTUB as Utility Manager since January 2008. Prior to serving as Utility Manager, she was employed by the City from November 1994 through December 2007 as City Manager.

Kristen M. Stolipher is a civil engineer and began as Assistant Utility Manager for the CTUB in October 2017. Prior to joining CTUB as the Assistant Utility Manager, Ms. Stolipher was a member of the Board of CTUB for 8 years.

CTUB Personnel

As of June 30, 2018, CTUB employed 23 total staff members, including 21 full-time employees and 2 part-time employees. Following is a summary of staff roles and licensure:

Administrative: (8)
- Utility Manager - Licensed CPA, Class I Wastewater Operator, Class II Wastewater Operator
- Assistant Utility Manager – Class I Wastewater Operator
- Operations Manager
- Accounting Manager
- Billing Manager
- 3 Administrative/Billing staff

Sewer Department: (3)
- Chief Operator - Class I, II, III and IV Wastewater Operator
- WWTP Class 1 Operator
- Groundskeeper

Water Department: (6)
- Chief Operator – Licensed Water Operator
- 2 WTP Operator II – Licensed Water Operator
- WTP Operator I – Licensed Water Operator
- 2 Part time Personnel – Licensed Water Operator

Maintenance: (6)
- Utility Crew Leader
- 5 Utility Worker

Subsequent to the acquisition of the Ranson Sewerage System as of July 1, 2018, CTUB acquired one (1) collections system staff member. Additionally, in September 2018, CTUB added one member from the District to staff. CTUB has a total of 25 staff members at the present time.

Employees of CTUB are employed directly by CTUB, not the Issuer. CTUB employees are not represented by a collective bargaining unit. CTUB employees are required to participate in group medical insurance and retirement plans.

CTUB PENSION OBLIGATIONS

CTUB participates in the West Virginia Public Employees Retirement System (WVPERS), a statewide, cost-sharing, multiple-employer defined benefit plan on behalf of CTUB employees. WVPERS is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

WVPERS is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. Information regarding benefit provisions, actuarial assumptions and funding method, pension benefit obligations (actuarial present value of credit projected benefits), net assets available for benefits, historical trends, and related party transactions are not readily available since such determinations are made and information is kept on a system-wide basis and not for the individual participating entities. This information is available in the separately issued financial statements of the WVPERS at 4101 MacCorkle Avenue, S.E., Charleston, WV 25304.

Contributions to WVPERS by CTUB are 12.0% of eligible employees' compensation for the year ended June 30, 2017. In addition, CTUB withholds 4.5% of the eligible employee's compensation for employees who started employment prior to July 1, 2015, and 6.0% of the eligible employee's compensation for employees who started employment after July 1, 2015, and remits the withholding on a monthly basis to the WVPERS. CTUB's contribution requirement was not actuarially determined. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act.

The employer contributions for the year ended June 30, 2017 were $89,869 and $59,427 for the water and sewer funds, respectively. The employer contributions for the water and sewer funds for the year ended June 30, 2016 were $110,321 and $63,633. Total covered payroll for the year ended June 30, 2017 was $1,244,131.

THE COMBINED WATERWORKS AND SEWERAGE SYSTEM

CTUB Combined Waterworks and Sewerage System Retail Customer History

The average number of customers billed for the Combined Waterworks and Sewerage System for the past ten (10) Fiscal Years are as follows:

Fiscal Year (ended June 30)	*Water Customers*	*Water Growth Percentage*	*Sewer Customers*	*Sewer Growth Percentage*
2009	4,263	--	2,898	--
2010	5,237	18.6%	2,909	0.4%
2011	5,565	5.9%	2,931	0.8%
2012	5,637	1.3%	2,907	(0.8%)
2013	5,716	1.4%	2,842	(2.2%)
2014	5,827	1.9%	3,083	6.6%
2015	5,896	1.2%	3,233	4.6%
2016	5,951	0.9%	3,244	0.3%
2017	6,036	1.4%	3,299	1.7%
2018	6,114	1.3%	3,325	0.8%

Source: CTUB

As of July 1, 2018, the City acquired the Ranson Sewerage System. The Ranson Sewerage System is now part of the Combined Waterworks and Sewerage System. Historical data for the Ranson Sewerage System is provided separately below.

Contemporaneously with the issuance of the Series 2018 B Bonds, the City will acquire the District Sewer System and the District Water System, which will each become part of the Combined Waterworks and Sewerage System. Historical data for the District Sewer System and the District Water System are provided separately below.

CTUB Water System

The City's water treatment plant is a state-of-the-art facility utilizing complete recycling of backwash and system overflows. Recent (2016) upgrades to the treatment system include flocculation and sedimentation basins, a new chlorine contact/onsite storage tank (1 million gallons) and a new high service pump station. Also included in the upgrades were telemetry communications and SCADA controls to all storage tanks, control valves and booster stations to allow fine control of flows throughout the distribution system. The water treatment plant is designed to operate at a maximum capacity of 2.8 million gallons per day ("MGD") with a current average utilization of 1.6 MGD. The upgrades to the treatment plant and distribution system were designed to ensure compliance with all state and federal drinking water standards well into the foreseeable future.

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.

In addition to a recently added 1 million gallon storage tank, the water distribution system consists of eight (8) storage tanks that total an additional 3,072,000 million gallons. The system includes two (2) booster pumping stations, 75 miles of water mains, 406 fire hydrants and serves approximately 6,341 customers.

CTUB Water System – Service Area

CTUB's Water System retail service area:

- includes the entirety of the City, the City of Ranson and surrounding unincorporated areas in Jefferson County, West Virginia; and
- is comprised of a diversified group of gaming, hospitality, healthcare, multifamily, residential, and service industry customers.

CTUB Water System – Customer Data

The following table sets forth the gross annual potable water sales by CTUB in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale*	*Total*
2009	$1,964,386	$1,023,648	$36,540	$3,024,574
2010	$1,996,237	$938,723	$36,577	$2,941,537
2011	$2,015,886	$1,033,458	$36,523	$3,085,867
2012	$1,992,714	$1,072,692	$35,355	$3,100,761
2013	$1,992,832	$1,045,059	$33,848	$3,071,739
2014	$2,047,054	$1,006,622	$31,540	$3,085,216
2015	$2,035,328	$985,035	$32,977	$3,053,340
2016	$2,041,730	$1,014,337	$32,445	$3,088,512
2017	$2,497,813	$1,319,677	$36,472	$3,853,962
2018	$2,498,499	$1,263,350	$37,179	$3,799,028

Source: CTUB

CTUB Water System – Largest Customers

The following table sets forth the ten largest customers of the Water System and related annual sales for the Fiscal Year ended June 30, 2018.

	Customer	*Consumption (gallons)*	*Sales*
1	PNGI Charles Town Gaming LLC	35,830,000	$176,714
2	CTUB – Charles Town WWTP	6,024,400	$49,533
3	Willow Tree Manor	4,144,000	$29,527
4	Holiday Inn Express	3,982,000	$29,527
5	Apple Tree Garden Apartments	3,904,400	$39,844
6	PNGI Charles Town Gaming LLC (irrigation)	3,649,000	$17,355
7	Jefferson Medical Center	3,431,300	$24,563
8	Hampton Inn	2,786,200	$20,872
9	Charles Towers Apartments	2,657,500	$31,801
10	Genesis Eldercare	2,623,000	$20,880
	Totals	**66,031,800**	**$440,616**

Source: CTUB

The total Water System Gross Revenue for the Fiscal Year ended June 30, 2018 was $3,889,730. The ten largest water users represented 11.3% of the Water System Gross Revenue.

Jefferson County Public Service District Water System

The District currently owns and operates a potable water storage and distribution system which provides potable water service to customers residing in Jefferson County. The District Water System includes two treatment plants, three storage tanks, two booster stations and 2.77 miles of main line. After the acquisition of the District Assets, the City will own and operate these assets through CTUB.

Jefferson County Public Service District Water System – Service Area

The District's Water System service area:

- includes Glen Haven and Cavaland developments in Jefferson County, West Virginia; and
- provides service to approximately 116 customers.

Jefferson County Public Service District Water System – Customer Data

The following table sets forth the total potable water sales by the District in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale*	*Total*
2008	$50,402	$282	–	$50,684
2009	$48,704	$282	–	$48,986
2010	$47,780	$282	–	$48,062
2011	$49,788	$287	–	$50,075
2012	$47,596	$282	–	$47,878
2013	$46,343	$307	–	$46,650
2014	$45,653	$165	–	$45,653
2015	$59,581	$145	–	$59,726
2016	$75,746	$320	–	$76,066
2017	$97,366	$327	–	$97,693

Source: Jefferson County Public Service District

CTUB Sewer System

The City owns, and through CTUB operates and maintains, a wastewater treatment and collection system, extending throughout the City and consisting of two (2) treatment plants. The Charles Town Treatment Plant is a 1.75 million gallons per day ("MGD") sequencing batch reactor plant comprised of a mechanical bar screen, a vortex grit removal unit, three (3) reactor chambers with a volume of 583,000 gallons each and also function as integral clarifiers, a post equalization basin, chemical addition unit, recirculating sand filters, ultraviolet disinfection facilities, three (3) aerobic digesters with a volume of 71,000 gallons, a 2.0 meter sludge dewatering belt press, a plant backup power generator, and all requisite appurtenances. In addition, the collection system which is served by the Charles Town Treatment Plant is comprised of 16.6 miles of gravity sewer lines, approximately 1 mile of force mains and nine (9) lift stations.

This facility serves a population equivalent of approximately 17,500 persons in the City of Charles Town, the District service area and the City of Ranson, and discharges treated wastewater into Evitts Run, a tributary of the Shenandoah River. The District Sewer System is deemed to be a resale customer of the City until such time as the District Assets are acquired by the City.

The Tuscawilla Treatment Plant includes a 0.5 MGD (expandable to 1.0 MGD) biological membrane nutrient removal (BNR) wastewater treatment plant comprised of a mechanical bar screen, a vortex type grit removal system, one (1) submersible pumping station, an equalization basin, two (2) drum-type fine screens, three

(3) positive displacement blowers, an electrical control room, a chemical feed room, two (2) BNR basins, a membrane bio-reactor (MBR) treatment system, UV disinfection, an effluent lift station and an aerobic digester. The collection system serviced by the Tuscawilla Treatment Plant is comprised of 14.3 miles of gravity lines, 3.2 miles of force main, two lift stations and a transfer pump station from Charles Town to Tuscawilla.

The Tuscawilla Treatment Plant serves a population of approximately 1,250 housing units and discharges treated wastewater first to the Tuscawilla West Golf Course pond/irrigation system and, second, into Evitts Run, a tributary of the Shenandoah River.

The City acquired the Ranson Sewerage System on July 1, 2018. The addition of this system includes 20 miles of gravity lines, 2.8 miles of force main and five (5) lift stations.

CTUB Sewer Service Area

The City wastewater treatment and collection system serves the following areas of Jefferson County:

North of the City along State Route 9 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. In addition, with the announcement of an extension to the ROXUL plant and adjacent property known as Jefferson Orchards in Jefferson County, West Virginia, this northern region will be expanded. See "CTUB Future Capital Projects – CTUB Sewer System," below.

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 the City 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.

The CTUB Sewer Service Area can be found within the CTUB 2018 Sewer Strategic Plan (SSP) at www.ctubwv.com.

CTUB Sewer System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment sales by CTUB in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale***	*Total*
2009	$1,149,992	–	$786,964	$1,936,956
2010	$1,153,716	–	$715,461	$1,869,177
2011	$1,138,275	–	$863,034	$2,001,309
2012	$919,738	$218,606	$794,212	$1,935,556
2013	$904,411	$233,892	$807,924	$1,946,227
2014	$1,275,447	$376,656	$1,213,094	$2,865,197
2015	$1,379,905	$480,607	$1,410,667	$3,271,179
2016	$1,375,146	$510,463	$1,485,098	$3,370,707
2017	$1,577,122	$583,319	$1,570,347	$3,730,788
2018	$1,550,571	$560,015	$1,584,910	$3,695,496

Source: CTUB
Note: Both the City of Ranson and the District were bulk sewer treatment customers of the CTUB through June 30, 2018. Effective July 1, 2018, customers of the Ranson Sewerage System became customers of CTUB.

CTUB Sewer System – Largest Customers

The following table sets forth the ten largest customers of the Sewer System and related annual sales for the Fiscal Year ended June 30, 2018.

	Customer	*Consumption (gallons)*	*Sales*
1	Willow Tree Manor	4,100,000	$37,925
2	Charles Tower Association	2,879,000	$31,106
3	Golden Real Estate LLC	2,326,000	$21,604
4	Walmart Stores Inc. #2566	1,770,600	$16,495
5	Gantt Miller	1,610,000	$26,339
6	Sparti LLC TA	1,479,700	$13,818
7	Willow Spring Farm Apartments II	1,446,000	$14,331
8	HDW, L.L.C. d/b/a Whale of a Wash	1,421,400	$13,282
9	LJS OPCO One, LLC	1,227,800	$11,501
10	Willow Spring Farm Apartments III	1,220,000	$13,507
	Total	**19,480,500**	**$199,908**

Source: CTUB

The total Gross Revenue for the CTUB Sewer System for the Fiscal Year ended June 30, 2018 was $3,735,324. The ten largest sewer customers represented 5.4% of the Sewer System Gross Revenue.

CTUB Sewer Resale Customers

Prior to the acquisition of the Ranson Sewerage System, the City provided wastewater treatment services to the City of Ranson. Additionally, until such time as the City acquires the District Sewer System, the City provides wastewater treatment services to the District. In previous years, both Ranson and the District were deemed to be resale customers of the City ("Sewer Resale Customers"). The following tables set forth information regarding CTUB's Sewer Resale Customers for the Fiscal Years indicated.

CTUB Sewer Resale Customers – Resale Customer Count

Resale Customer	*Fiscal Year 2017*	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*
Jefferson County PSD	2,404	2,565	2,529	2,431	2,336
City of Ranson	1,725	1,705	1,665	1,603	1,568
Total	**4,129**	**4,270**	**4,194**	**4,034**	**3,904**

CTUB Sewer Resale Customers – Annual Gallons Wastewater Treated by CTUB (000's omitted)

Resale Customer	*Fiscal Year 2018*	*Fiscal Year 2017*	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*
Jefferson County PSD	157,011	154,946	153,474	148,162	153,058	145,743	141,177
City of Ranson	94,210	99,177	100,842	95,333	92,089	92,794	81,072
Total	**251,221**	**254,123**	**254,316**	**243,495**	**245,147**	**238,537**	**222,249**

CTUB Sewer Resale Customers – Annual Treatment Cost Billed by CTUB

Resale Customer	*Fiscal Year 2018*	*Fiscal Year 2017*	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*
Jefferson County PSD	$969,726	$915,961	$862,843	$830,366	$708,200	$464,327	$447,975
City of Ranson	$615,184	$654,386	$622,255	$580,301	$504,894	$343,597	$346,237
Total	**$1,584,910**	**$1,570,347**	**$1,485,098**	**$1,410,667**	**$1,213,094**	**$807,924**	**$794,212**

For the Fiscal Year ended June 30, 2018, payments for sewage transmission and treatment to CTUB from Sewer Resale Customers represented 42.4% of the Sewer System Gross Revenue.

Information gathered from Annual PSC Reports of Sewer Resale Customers and CTUB.

City of Ranson Sewerage System

As of July 1, 2018, the City acquired the Ranson Sewerage System, which provides sewerage collection service to customers within the corporate limits of Ranson and in the surrounding unincorporated area. The Ranson Sewerage System consists of a collection and transportation system including five pumping stations.

For the fiscal year ending June 30, 2018, a monthly average of approximately 1,731 customers were served by the Ranson Sewerage System, compared to a monthly average of approximately 1,705 for the period ending June 30, 2017.

City of Ranson Sewerage System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment sales by the City of Ranson in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale*	*Total*
2008	$510,693	$89,757	–	$600,540
2009	$528,935	$65,815	–	$594,750
2010	$635,985	$55,889	–	$691,874
2011	$719,195	$62,331	–	$781,526
2012	$661,274	$92,340	–	$753,614
2013	$652,420	$98,973	–	$751,393
2014	$800,501	$96,720	–	$897,221
2015	$890,086	$103,407	–	$993,493
2016	$897,844	$135,748	–	$1,033,592
2017	$1,116,825	$147,180	–	$1,265,005

Source: City of Ranson

Jefferson County Public Service District Sewer System

Contemporaneously with the issuance of the Series 2018 B Bonds, the City will acquire the District Sewer System. The District currently owns and operates a sanitary sewerage collection and transmission system which provides sanitary sewerage service to customers residing in unincorporated portions of Jefferson County, as well as some areas within Ranson and the City. The District Sewer System includes two treatment plants, 28 pumping stations, 17 grinder pumping stations, 45.11 miles of gravity collection mains and 16.78 miles of force collection mains. After the acquisition of the District Sewer System, those assets will become part of the Combined Waterworks and Sewerage System.

For the fiscal year ending June 30, 2018, a monthly average of approximately 2,675 customers were served by the District Sewer System, compared to a monthly average of approximately 2,602 for the fiscal year ending June 30, 2017.

Jefferson County Public Service District Sewer System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment revenues for the District Sewer System in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2008	$1,258,236	$389,158	$51,797	$171,889	–	$1,871,080
2009	$1,302,898	$364,775	$25,551	$108,504	–	$1,801,728
2010	$1,352,048	$368,122	$25,308	$112,926	–	$1,858,404
2011	$1,395,535	$374,207	$49,183	$136,702	–	$1,955,627
2012	$1,411,784	$371,838	$47,700	$146,577	–	$1,834,271
2013	$1,426,102	$424,848	$55,557	$136,784	–	$1,895,791
2014	$1,671,868	$500,656	$44,722	$153,938	–	$2,317,184
2015	$1,763,220	$506,332	$48,048	$168,116	–	$2,485,716
2016	$2,031,741	$563,058	$67,409	$192,663	–	$2,854,871
2017	$2,093,431	$631,306	$60,345	$162,758	–	$2,947,840

Source: Jefferson County Public Service District

CTUB Operating Budget

The operating budget for the Water System and Sewer System are prepared and approved annually by CTUB.

Summary of Past Projects

CTUB Water System.

The City issued the Series 2016 A Bonds in the aggregate amount of $7,695,000 to finance a series of projects for the CTUB Water System. Proceeds of the Series 2016 A Bonds in the amount of $7,536,632 were used, along with Capacity Improvement Fees of the System in the amount of $750,000, to finance the design, acquisition, construction and equipping of the following additions, betterments and improvements to the potable water treatment, storage and distribution portion of the Combined Waterworks and Sewerage System:

- Route 9 Tank Painting
- Tuscawilla Tank Demo
- 6th Avenue Tank Painting
- Jefferson Avenue Water Line Replacement
- Water Treatment Plant Improvements
- Keyes Ferry Loop Line (10,000 linear feet of 12-inch water main installed)

The Water Treatment Plant Improvements comprised approximately $6,000,000 of the entire cost of the project and included design, acquisition, construction and equipping of a new flocculation and sedimentation basin, a new chlorine contact/onsite storage tank (1 million gallons) and a new high service pump station at the water treatment plant. All of work for the above projects has been completed.

CTUB Sewer System.

The City is committed to continue improvements in the operation of the Sewer System. Since 2007, CTUB has committed to publishing a Sewer Strategic Plan ("SSP") annually to align sewer needs with projected development and schedule compliance timelines for nutrient reductions to meet Chesapeake Bay limits. The 2018

SSP is published at www.ctubwv.com and serves as the basis for identifying growth forecasts and future capital needs.

CTUB's 2018 SSP describes the following accomplishments and capital improvements:

- On July 21, 2016, the City was reissued WV/NPDES Permit No. WV0022349, effective September 1, 2016 with an expiration date of June 30, 2021.

- The Chesapeake Bay nutrient limits now prescribed by WV/NPDES permit are measurable and being achieved. The limits allow clearer timelines for capital improvements and in the SSP will allow the removal of one forecasted project.

- The capital improvement projects funded under the West Virginia Infrastructure and Jobs Development Council (WV IJDC) Project 2011S-1304 (and part of SB245 grant funding) are complete. These projects (CWSRF No. C-544496-01 / IJDC No. 2011S-1304) included the Charles Town Wastewater Treatment Plant tertiary treatment and the Tuscawilla Effluent Line (Project Cost $5,140,290).

- The City purchased the Willow Spring Public Service Corporation ("Willow Spring") as approved in PSC Case No. 12-0217-S-PC. The purchase was completed on October 1, 2013. Subsequently, a Major Modification to combine Willow Spring under the City's WV/NPDES Permit was filed October 6, 2016. DEP published Modification No. 1 on February 23, 2017 to allow flows to the City from Willow Spring and, most importantly, recognized nutrient loading transfers to the City. Flows from Willow Spring to the City began May 30, 2017.

- The City issued the Series 2016 B Bonds in the aggregate amount of $3,895,000 to finance the 2016 Sewer Projects. The 2016 Sewer Project are complete and include:

    - New pump stations at Willow Spring, Demory Farm and Clarence Drive and 4,659 linear feet (LF) of 12" gravity sewer, 441 LF of 6" Force Main, 21 Sewer Manholes, and the decommissioning of two pump stations. Upon completion, all flows from Willow Spring were directed to Charles Town.

    - The Willow Spring wastewater treatment plant was decommissioned by the CTUB in June 2017 and 8,300 LF of 6" force main was installed in the fall of 2016.

    - WV/NPDES Permit No. WV0086452 (Willow Spring) was terminated by the West Virginia Department of Environmental Protection (WV DEP) on June 30, 2017 (see WV/NPDES Permit No. WV0022349, Modification No. 1 dated March 30, 2017).

    - Samuel Street pump station was rehabilitated and upgraded, including piping for bypass pumping, wet well liner, electrical upgrades (wiring) and check valves.

    - The headworks building was constructed at the Charles Town Treatment Plant at an approximate cost of $424,778.

- Upon completion of the 2016 Sewer Projects, the District Sewer System was relieved of approximately 40,000 gallons per day in its collection system allowing for additional growth in the District Sewer System.

CTUB Combined Waterworks and Sewerage System Environmental Regulatory Performance

CTUB maintains an excellent record of regulatory compliance. Discussion follows with respect to the Water System and the Sewer System, respectively.

CTUB Water System.

Although numerous standards apply to regulate the treatment process and quality of treated potable water, a permitting process analogous to the National Pollutant Discharge Elimination System ("NPDES") permit does not exist. Nonetheless, monthly reports are required by WV Department of Health and Human Resources ("DHHR").

The Public Service Commission of West Virginia (the "PSC") requires annual reporting of water loss, which is measured by a percentage of water that is un-accounted, and requires a corrective action plan for water loss exceeding 15%. The most recent reported water loss was 33.14% for FY 2018. CTUB has a corrective action plan utilizing WV American Leak Detection, Inc. to cover at least one-third of the water distribution system each year. All leaks identified are investigated and repaired.

There are no outstanding enforcement actions applicable to the Water System.

CTUB Sewer System.

Sewer service is regulated under a single NPDES permit for the Charles Town WWTP and the Tuscawilla WWTP, and each corresponding collection system. Upon acquisition of the District Assets, the District NPDES permit will be "combined" into the CTUB Sewer System NPDES permit.

There are no outstanding enforcement actions applicable to the Sewer System.

CTUB Future Capital Projects

CTUB Water System.

With the completion of the 2016 Water Projects, the City does not currently have plans for any significant capital improvement projects for the water treatment and distribution portion of the Combined Waterworks and Sewerage System. CTUB does plan to continue the leak detection program discussed in "Summary of Past Projects – CTUB Water System," above.

CTUB Sewer System.

The City and CTUB have the following capital projects planned for the CTUB Sewer System (collectively, the "CTUB Sewer System Capital Projects"):

1. Ranson Service Area Pump Station Project. This project will relocate two sanitary sewer pump stations, and attendant infrastructure, located in the former service area of the City of Ranson. The project will address existing capacity issues and will provide for future growth. The anticipated project cost is approximately $2,000,000 and construction is expected to commence in 2020.

2. JCPSD Modified Flowing Springs Project. Prior to commencing discussions with the City for the acquisition of the District Assets, the District had design work completed for, and obtained PSC approval for the construction of, a project to address capacity concerns at number of locations in the District Sewer System. The City and CTUB plan to continue with a modified form of this project which will include elimination of several pump stations, construction of two new pump stations, and construction of gravity sewer lines and force mains. The preliminary project cost is approximately $5,500,000 and construction is expected to commence in 2020-2021.

3. CTUB Renewal and Replacement Project. Design for a 2021 Renewal and Replacement project will begin in 2019 to address aging infrastructure. The project will include, in part, upgrades to the current CTWWTP aeration system (one blower), replacement of 3 (three) influent pumps and wiring to the plant control room, lining of the 3 (three) sequential batch reactor basins, UV upgrades, rehabilitation of the existing belt press and the addition of a second belt press. At Tuscawilla, the renewal and replacement of the existing membrane filter media will include a capital and operational cost comparison for replacement versus a more traditional clarifier type media. At Huntfield, an oxygenation system for odor and corrosion control, and to reduce sulfide loading in the transfer line will be assessed. The funding for these projects is anticipated to be sought through traditional bond market financing. In 2016, a debt service analysis was completed by Compass Municipal Advisors, LLC. As a result of older bond issues being paid in full, this analysis shows available funds of approximately $167,000 per year in 2022, without a customer rate increase. Based on this debt service payment and current market rates, a bank qualified insured utility revenue bond could be issued in the amount of $2,750,000 for the project.

In addition to the sanitary sewer projects outlined above, the City and CTUB are the expected sewer provider for a new manufacturing facility under construction in the service territory of the former Ranson Sewerage System. On July 6, 2017, Governor Jim Justice announced that ROXUL, Inc. would build a $150 million manufacturing plant in the City of Ranson. Upon completion, the plant is expected to create up to 150 jobs with positions ranging from management level to the production line. Roxul, Inc. is part of the ROCKWOOL Group, North America's largest producer of stone wool insulation. The West Virginia Development Office, through the West Virginia Infrastructure and Jobs Development Council (collectively, the "WVIJDC"), approved a $9 million loan non-interest bearing loan for the City of Ranson to construct a sewer extension to the ROXUL (Rockwool) plant and adjacent property known as Jefferson Orchards in Jefferson County, West Virginia. The proposed sewer extension is referred to as the "Route 9 Sewer Project." With the acquisition of the Ranson Sewerage System effective July 1, 2018, the City has assumed responsibility for constructing the Route 9 Sewer Project.

The terms of the financing provide that the principal of the loan will be repaid solely from the Net Revenues generated from new customers which connect to the Route 9 Sewer Project after substantial completion. Accordingly, the financing is currently structured to provide that the Route 9 Sewer Project will be financed, and owned by, the Charles Town Building Commission, which will lease the Route 9 Sewer Project to the City to be operated and maintained by CTUB. The lease payments from the City to the Building Commission, made by the CTUB, will equal the Net Revenues from the Route 9 Sewer Project and are the only security, other than a deed of trust on the project, for the lease revenue bonds of the Charles Town Building Commission which will be purchased by the WDA on behalf of the WVIJDC (the "WVIJDC Bonds"). If any principal of the WVIJDC Bonds remains unpaid on its maturity date, such principal will convert to a grant.

The exact structure of the WVIJDC Bonds has not been finally determined due to community protests against the proposed manufacturing facility. Neither the City nor the Charles Town Building Commission have taken final action on their respective ordinances to approve the financing structure. In the event that the Charles Town Building Commission declines to approve the financing and the City Council of the City decides to proceed with the Route 9 Sewer Project, the City believes that the WVIJDC Bonds could be issued directly by the City with either a junior lien or a lien on the surplus revenues of the Combined Waterworks and Sewerage System which effectuates the same repayment structure as contemplated for the Charles Town Building Commission. See "RISK FACTORS" herein.

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DEBT SERVICE REQUIREMENTS

Existing Long-Term Debt of the Combined Waterworks and Sewerage System

Pursuant to the Act, all debt secured by the Gross Revenues of the Combined Waterworks and Sewerage System has a lien on the Gross Revenues of the Water System and the Sewer System and are known as "Combined Waterworks and Sewerage System Revenue Bonds," denoting the lien on the "combined" system. The following outstanding debt is secured by the Gross Revenues of the Combined Waterworks and Sewerage System, on a parity with the Series 2018 B Bonds:

See "OUTSTANDING INDEBTEDNESS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM – Prior Bonds" herein.

Bond Issue	*Issue Date*	*Original Issue Amount*	*Balance September 30, 2018*	*Final Maturity*
2018 A-7*	04/12/14	$985,350	$893,328	09/01/45
2018 A-6*	06/18/08	$2,005,000	$1,353,349	12/01/38
2018 A-5*	06/22/00	$1,154,889	$510,072	12/01/31
2018 A-4*	12/08/99	$378,363	$145,038	03/01/30
2018 A-3*	06/25/98	$662,039	$662,039**	06/01/38
2018 A-2*	06/25/98	$599,089	$22,464	06/01/19
2018 A-1*	05/05/98	$425,767	$120,091	10/01/28
2016 B	08/18/16	$3,895,000	$3,895,000	06/01/46
2016 A	03/17/16	$7,695,000	$7,395,000	03/01/46
2015 B	11/19/15	$4,355,000	$3,740,000	10/01/28
2015 A	11/19/15	$2,750,000	$2,485,000	12/01/32
2014 E	10/31/14	$1,425,000	$1,040,000	06/01/26
2014 D	10/31/14	$1,445,000	$1,135,000	06/01/28
2014 C	10/31/14	$820,000	$720,000	12/01/32
2014 A	06/18/14	$4,058,900	$3,743,411	03/01/46
2013 B	10/01/13	$2,970,000	$2,750,000	10/01/43
2013 A	06/27/13	$591,977	$518,079	09/01/44
2011 A	07/22/11	$13,147,192	$5,695,982	06/01/41
2010 D	12/02/10	$500,000	$379,157	06/01/41
2010 C	12/02/10	$1,250,000	$947,907	06/01/41
2010 B	01/13/10	$100,000	$67,083	03/01/31
2010 A	01/13/10	$912,458	$612,113	03/01/31
2002 B	08/22/02	$3,600,000	$2,220,778	06/01/42
2002 A	08/22/02	$1,100,000	$892,637	10/01/39
2000 A	06/22/00	$3,163,781	$603,701	12/01/21
1998	09/29/98	$437,601	$26,271	09/01/19
1989 B	04/13/89	$117,480	$36,147	10/01/29
1988 B-2	05/20/88	$558,000	$157,376	10/01/28
1988 B-1	05/04/88	$295,916	$83,452	10/01/28
1987 B	11/18/87	$413,629	$97,964	10/01/26
Totals:		$55,601,934	$42,948,439	

* Contemporaneously with the issuance of the Series 2018 B Bonds and the acquisition of the District Assets, the City will assume, amend and restate the District Sewer Bonds and the District Water Bonds as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 – A-7." The "Issue Date(s)" and "Original Issue Amount(s)" reflect the issue dates and original issue amounts by the District.

** Payments of principal of, and interest on, the Series 2018 A-3 Bonds commence on March 1, 2019.

CTUB Combined Waterworks and Sewerage System – Aggregate Debt Service Table

The table below sets for the anticipated aggregate debt service for the Prior Bonds, the Series 2018 A Bonds and the Series 2018 B Bonds.

Fiscal Year Ending June 30	Debt Service on Prior Bonds and Series 2018 A Bonds*	Series 2018 B Bonds**	Total Debt Service Requirements
2019	$3,073,552	$48,874	$3,122,426
2020	$2,909,133	$274,250	$3,183,383
2021	$2,910,143	$274,450	$3,184,593
2022	$2,903,943	$274,500	$3,178,443
2023	$2,736,569	$274,400	$3,010,969
2024	$2,727,971	$272,400	$3,000,371
2025	$2,715,320	$275,200	$2,990,520
2026	$2,720,347	$272,600	$2,992,947
2027	$2,574,282	$274,800	$2,849,082
2028	$2,436,144	$271,600	$2,707,744
2029	$2,338,066	$273,200	$2,611,266
2030	$2,036,245	$284,400	$2,320,645
2031	$2,008,674	$294,800	$2,303,474
2032	$1,937,842	$314,400	$2,252,242
2033	$1,927,401	$332,800	$2,260,201
2034	$1,649,385		$1,649,385
2035	$1,650,010		$1,650,010
2036	$1,644,502		$1,644,502
2037	$1,648,083		$1,648,083
2038	$1,649,979		$1,649,979
2039	$1,574,144		$1,574,144
2040	$1,540,710		$1,540,710
2041	$1,474,054		$1,474,054
2042	$1,163,322		$1,163,322
2043	$1,071,306		$1,071,306
2044	$1,061,705		$1,061,705
2045	$865,282		$865,282
2046	$795,429		$795,429
Totals:	$55,743,545	$4,012,674	$59,756,218

* Excludes Series 2010 A, 2013 A and 2015 Bonds Debt Service after the Closing Date.
** Estimated Debt Service Requirements.

CTUB Combined Waterworks and Sewerage System Historical and Projected Coverage **

Charles Town Utility Board
Cash Flow Analysis - Historical and Pro Forma
For the years ending June 30, 2014 through June 30, 2020

	CTUB ONLY					Full Year CTUB Full Year Ranson 1/2 year JCPSD	Full Year All
	FY 2014 (Actual)	FY 2015 (Actual)	FY 2016 (Actual)	FY 2017 (Actual)	FY 2018 (Actual)	FY 2019* (Pro forma)	FY 2020* (Pro forma)
Available Cash							
Operating revenues	$ 6,093,707	$ 6,463,479	$ 6,604,864	$ 7,734,063	$ 7,625,054	$ 9,312,578	$ 10,325,683
Other income	479,576	451,897	472,373	492,330	713,055	704,482	744,074
Total available cash	6,573,283	6,915,376	7,077,237	8,226,393	8,338,109	10,017,060	11,069,757
Cash Requirements							
Operating expenses (including taxes)	3,852,283	3,997,419	4,169,951	4,652,324	5,072,794	6,108,600	6,724,860
Cash available for debt service (A)	2,721,000	2,917,957	2,907,286	3,574,069	3,265,315	3,908,460	4,344,897
Debt Service Requirements							
Bond principal	1,548,294	1,581,489	1,445,691	1,696,163	1,767,915	1,978,363	2,188,810
Bond interest	811,586	783,674	679,734	918,824	931,395	994,232	1,057,069
Subtotal (B)	2,359,880	2,365,163	2,125,425	2,614,987	2,699,310	2,972,595	3,245,879
Renewal and replacement reserve	76,171	80,793	82,561	96,676	104,226	139,125	157,849
Debt service reserve requirements	68,981	55,790	51,516	53,730	53,730	53,730	53,730
Debt service without coverage requirement	144,587	151,491	117,211	147,387	149,230	181,646	181,646
Total debt service requirements	2,649,619	2,653,237	2,376,713	2,912,780	3,006,496	3,347,096	3,639,104
Cash surplus (deficit)	$ 71,381	$ 264,720	$ 530,573	$ 661,289	$ 258,819	$ 561,364	$ 705,793
Coverage ratio A/B	115.30%	123.37%	136.79%	136.68%	120.97%	131.48%	133.86%

* The projected coverage calculations are preliminary and subject to change as these calculations include the anticipated annual debt service on the Series 2018 B Bonds.

** Prepared by J.C. Kunkle & Associates, A.C.

Method of Accounting

The accounts of the Water System and Sewer System are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the CTUB accounts are maintained in accordance with generally accepted accounting principles. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF CHARLES TOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2017" herein.

OUTSTANDING INDEBTEDNESS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM

Prior Bonds

The Issuer has outstanding the following bonds which will rank on a parity with the Series 2018 B Bonds as to liens, pledge, source of and security for payment from the Gross Revenues derived from the Combined Waterworks and Sewerage System, 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, 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");

(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");

(23) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B, dated August 18, 2016, issued in the aggregate principal amount of $3,895,000 (the "Series 2016 B Bonds");

(24) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1(West Virginia Water Development Authority), originally the District 1988 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-1 Bonds");

(25) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-2 Bonds");

(26) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund), originally the District 1998 C Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-3 Bonds");

(27) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-4 Bonds);

(28) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), originally the District 2000 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-5 Bonds);

(29) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program), originally the District 2008 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-6 Bonds"); and

(30) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-7 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, Series 2016 A Bonds and Series 2016 B Bonds are herein collectively referred to as the "Prior Bonds." The Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are herein collectively referred to as the "Series 2018 A Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances." The ordinance of the Issuer enacted to authorize the assumption, modification and amendment and re-designation of the Series 2018 A Bonds, is here in referred to as the "Series 2018 A Ordinance." As of September 30, 2018, the Prior Bonds are outstanding in the aggregate principal amount of $39,242,058. As of September 30, 2018, the Series 2018 A Bonds are outstanding in the aggregate principal amount of $3,706,381. See chart contained in "DEBT SERVICE REQUIREMENTS – Existing Long-Term Debt of the Combined Waterworks and Sewerage System" herein.

Future Bond Issues

The City and CTUB anticipate that no Additional Parity Bonds for the purpose of financing improvements to the CTUB Water System will be issued in the foreseeable future.

The City and CTUB anticipate that Additional Parity Bonds will be issued in the foreseeable future for the purpose of financing the capital improvements for the CTUB Sewer System, excluding the Route 9 Sewer Project, discussed in "CTUB Future Capital Projects" herein.

The City and CTUB anticipate the issuance of Additional Parity Bonds for the purpose of refinancing existing Bonds as the market allows.

STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES

State Utility Regulation

Public water and sewer utilities in West Virginia are subject to regulatory oversight by the West Virginia Public Service Commission (the "Public Service Commission" or "PSC"). Pursuant to state legislation which became effective in June 2015, and subsequently further clarified by state legislation effective in June 2017 (collectively, "Senate Bill 234"), the scope of PSC authority over larger public water and sewer utilities such as CTUB was reduced. As a result of Senate Bill 234, CTUB was exempted from PSC regulation and approval of, among other things:

1. Amendments and modifications to rates and charges of the Water System and the Sewer System; and

2. The requirement to obtain prior PSC approval for construction of capital projects which are outside "the normal course of business."

The authority of the PSC over large public water and sewer utilities, however, has been effectively enlarged by a recent court decision. Specifically in SWVA v. Huntington Sanitary Board, *et. al.*, Case Number 17-0120 (Memorandum Decision, November 14, 2017), the Supreme Court of Appeals of West Virginia held, among other things, that the PSC retains jurisdiction over, and is the proper venue for, complaints by customers of such large public water and sewer utilities for failure to satisfy statutorily mandated public notice requirements for approval by City Council of (1) amendments and modifications of rates and charges for public water and public sewer systems;

and (2) construction of projects for public water and/or sewer systems which are outside of "the normal course of business." Accordingly, while the changes to the state regulatory structure through Senate Bill 234 result in significant savings of both time and expense for CTUB when pursuing both rate increases and capital projects, SWVA v. Huntington Sanitary Board created some uncertainty regarding the extent to which the regulatory jurisdiction of the PSC has been reduced.

Senate Bill 234 provided specific protection to bondholders. Specifically, West Virginia Code Section 24-2-1(b)(8) was amended by Senate Bill 234 to provide as follows:

> In the event that a political subdivision has a deficiency in either its bond revenue or bond reserve accounts, or is otherwise in breach of a bond covenant, the bondholder 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 resolved the alleged deficiency or breach.

Neither the Issuer nor CTUB is aware that any bondholder has petitioned the PSC for relief pursuant to this specific authority for any public utility in West Virginia since it became effective on June 12, 2015.

Rate Setting and Project Approval Process

The PSC retains authority to investigate and resolve: (i) disputes between CTUB and any resale customer regarding rates, fees and charges for the Water System and Sewer System; and (ii) complaints by CTUB customers regarding the PSC's exercise of powers enumerated in Chapter 24, Article 2, Section 1(b) of the Code of West Virginia, 1931, as amended. Moreover, the PSC regulatory oversight includes regulation of measurements, practices, acts or service of CTUB, regulation of CTUB's system of accounts, regulation of CTUB's submission of tariffs, adjudication of service territory disputes, and certain agreements between utilities.

The Council of the City has the authority to implement rates and charges for the Combined Waterworks and Sewerage System through the enactment of a Rate Ordinance. Such rates and charges are required by the Act to be sufficient at all times to: (i) provide for the payment of interest on all bonds issued pursuant to the Act and to create a sinking fund to pay the principal of such bonds as and when the same becomes due, and reasonable reserves therefore; (ii) provide for the repair, maintenance and operation of the systems; (iii) provide an adequate revenue and replacement fund; and (iv) make any other payments required or provided for in the applicable bond ordinance. The Act provides that rates and charges established by municipally operated combined waterworks and sewerage systems shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Under the Act, a municipality is required to maintain a "working capital reserve" for its respective water and sewerage systems in an amount of no less than one-eighth (12.5%) of its actual annual operation and maintenance expense, which amount must be separate and distinct from and in addition to any renewal and replacement fund.

Enactment of a Rate Ordinance by City Council requires a minimum of four to six weeks, including pre-enactment notice of the proposed increased rates and charges. The Council of the City must have two readings of a Rate Ordinance, separated by fourteen (14) days, with a public hearing prior to the second reading. Pre-enactment notice of the proposed rates and charges must be provided to the City's customers with the billing statement in the month prior to the first reading of a Rate Ordinance. Once enacted by the City, the proposed rates and charges are subject to investigation by the PSC upon the filing of a complaint by any one of the resale customers of the portion of the Combined Waterworks and Sewerage System for which such rates and charges are being modified. Resale customers have no statutory timeframe following the enactment of a Rate Ordinance within which they must file a complaint, nor does the PSC have a statutory time frame within which to render a decision on such a complaint. As explained in the previous section, the decision in SWVA v. Huntington Sanitary Board clarified that any customer may bring a complaint at the PSC alleging, at a minimum, failure of the City Council to follow statutorily mandated notice requirements related to the Rate Ordinance.

The Council of the City also must approve capital projects for the Combined Waterworks and Sewerage System which are not in the "normal course of business" through the enactment of a project ordinance (a "Project Ordinance"). Enactment of a Project Ordinance requires a minimum of four to six weeks, including pre-enactment notice of the proposed capital project and any change in rates and charges associated with the capital project. The Council of the City must have two readings of a Project Ordinance, separated by fourteen (14) days, with a public hearing prior to the second reading. Pre-enactment notice of the capital project and any associated charge in rates

and charges must be provided to the City's customers with the billing statement in the month prior to the public hearing on a Project Ordinance. Approval by the Council of the City of a Project Ordinance cannot go into effect any sooner than 45 days after the date of enactment of a Project Ordinance. As explained in the previous section, the decision in SWVA v. Huntington Sanitary Board clarified that any customer may bring a complaint at the PSC alleging, at a minimum, failure of the City Council to follow statutorily mandated notice requirements related to a Project Ordinance, or a determination that a particular project is "in the normal course of business" and, thus, a Project Ordinance is not required.

Tariffs

A sewer rate increase was adopted by the City Council on August 6, 2018, effective for all service rendered on or after August 6, 2018. A water rate increase was adopted by the City Council on August 6, 2018, effective for all service rendered on or after August 6, 2018. See "APPENDIX G – SEWER AND WATER RATE TARIFFS."

RISK FACTORS

Mainline Extension Agreement for Service to Rockwool

A minority of members of the City Council and the Board of the Charles Town Building Commission have expressed reservations regarding constructing the Route 9 Sewer Project. Public protests regarding Rockwool have focused on potential environmental hazards from Rockwool air emissions, as well as concerns regarding the appropriateness of a large manufacturing facility in Jefferson County.

In the event that City Council would decide not to proceed with the Route 9 Sewer Project, Rockwool may, as a potential customer in the City's service territory, request sanitary sewer service from CTUB pursuant to Rule 5.5 of the PSC's Rules for Wastewater Utilities, known as the "Mainline Extension Rule." In summary, the Mainline Extension Rule would require CTUB to provide service, through either the Route 9 Sewer Project as proposed or, potentially, a project to serve only Rockwool, if Rockwool is willing to deposit the amount necessary to construct either such project with CTUB. The Mainline Extension Rule places obligations on CTUB to, first, make an upfront financial contribution to the cost of either such project and, second, reimburse Rockwool for future customers which connect to the line (if such line is not constructed solely to Rockwool).

While the specific financial impact of a request from Rockwool to the City to extend service under the Mainline Extension Rule is difficult to calculate, such a request would likely require a borrowing by the City for the upfront capital contributions and, if the present design of the Route 9 Sewer Project is constructed, depending on the rate of growth and, thus, reimbursements to Rockwool for future customers, a rate increase for customers of the System to provide adequate revenues to maintain coverage while funding such reimbursements.

LITIGATION

The acquisition of the District Assets by the City required a Certificate of Convenience and Necessity from the PSC. The joint application at the PSC of the District and the City for the City to acquire the District Assets was formally protested by a group of developers located in Jefferson County (collectively, the "Protestors"). The PSC entered an Order on June 26, 2018, which, among other things, approved the acquisition of the District Assets by the City. The Protestors appealed the PSC decision to the West Virginia Supreme Court of Appeals. The West Virginia Supreme Court of Appeals entered a decision on November 2, 2018, affirming the Order of the Commission of June 26, 2018. The time period for the Protestors to request reconsideration of the decision of the West Virginia Supreme Court of Appeals has expired.

There is not now pending or, to the best of the Issuer's and CTUB's knowledge, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2018 B Bonds or questioning or affecting the validity of the Series 2018 B Bonds, the proceedings and authority under which they are to be issued, nor is the creation, organization, or existence of the Issuer or CTUB being contested. Nor is there any litigation pending or, to the best of the Issuer's and CTUB's knowledge, threatened which (i) questions, in any manner, the right of the CTUB to operate the Combined Waterworks and Sewerage System or CTUB's right to conduct its activities in accordance with the provisions of the Act and the Series 2018 B Ordinance, or (ii) if determined adversely to CTUB, would have a material adverse impact on the financial condition of the Combined Waterworks and Sewerage System.

The Issuer and CTUB are subject to a variety of suits and proceedings arising out of their ordinary course of operations, some of which may be adjudicated adversely to the Issuer or CTUB. Any such litigation is of a routine nature which does not affect the right of the Issuer or CTUB to conduct its business or the validity of the Issuer's obligations.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2018 B Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Bond Counsel, whose opinion will be delivered concurrently with the delivery, upon original issuance, of the Series 2018 B Bonds, substantially as set forth as "APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION" herein. Steptoe & Johnson PLLC also serves as Disclosure Counsel to the Issuer and CTUB. Certain legal matters will be passed upon for the Issuer by Steptoe & Johnson PLLC as special counsel to the Issuer. Certain legal matters will be passed on for CTUB by its Counsel, Hoy G. Shingleton, Jr., Esq. Jackson Kelly PLLC will pass upon certain matters as counsel for the Underwriter.

CONTINUING DISCLOSURE

The Issuer has agreed to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2018 B Bonds to provide certain financial and operating information (the "Annual Financial Information") not later than the last day of the Fiscal Year (presently ending June 30) immediately following the end of the Issuer's Fiscal Year for which disclosure is due, commencing with the report for the Fiscal Year ending June 30, 2018, and to provide notice of the occurrence of enumerated events, all as further described in the Disclosure Dissemination Agent Agreement to be executed by the Issuer in substantially the form attached as "APPENDIX I – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" herein. The Annual Financial Information and each notice of enumerated events is required to be filed electronically by Digital Assurance Corporation ("DAC"), as dissemination agent on behalf of the Issuer, with the Electronic Municipal Markets Access system ("EMMA").

The continuing disclosure obligation is being undertaken by the Issuer to assist the Underwriter in complying with Rule 15c2-12 (the "Rule") promulgated by the United States Securities and Exchange Commission (the "SEC"). The Issuer has agreed to give notice in a timely manner to EMMA. However, any such failure will not constitute a default under the terms of the Series 2018 B Ordinance or the Series 2018 B Bonds. Under the Undertaking, the sole remedy for such failure is to seek an order for specific performance. See "APPENDIX I – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" herein. Registered Owners may contact the City Manager for more information. See "MISCELLANEOUS" herein.

Prior Continuing Disclosure Undertakings

The Issuer previously entered into continuing disclosure undertakings with respect to certain of the Prior Bonds. Despite the existence of these prior continuing disclosure undertakings and the Rule, the Issuer:

- A notice of redemption for the Series 2003 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds was not timely filed.

- Failed to timely file Audited Financials for the Fiscal Years ended June 30, 2013, June 30, 2014, June 30, 2015, and June 30, 2016 and failed to timely file notices of failure to timely file such Audited Financials in each such instance;

- Failed to file Operating Data for the Combined Waterworks and Sewerage System for the Fiscal Years ended June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017, and failed to file notice of failure to file such Operating Data for the Fiscal Years ended June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017; and

- The Audited Financials filed were for CTUB only and not for the Issuer, Charles Town, West Virginia.

All such filings of Audited Financials and Operating Data, material event notices, and all notice of failure to timely make such filings have been made as of the date hereof.

In March 2014, the U.S. Securities and Exchange Commission (the "SEC") announced a Municipalities Continuing Disclosure Cooperation Initiative ("MCDC") to address representations made by issuers in official statements about past compliance with continuing disclosure undertakings made pursuant to the Rule. MCDC invited underwriters and issuers, respectively, to review official statements for certain prior offerings and, based upon such review, if deemed appropriate, to self-report to the SEC possible violations of the federal securities laws involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in the Rule by identifying official statements that may contain such statements. Underwriters participating in the MCDC were required to submit a report to the SEC no later than September 10, 2014. Issuers who chose to participate in the MCDC were required to submit a report to the SEC no later than December 1, 2014. The City was informed by Crews & Associates, Inc. ("Crews"), that Crews elected to file a report with the SEC under the MCDC program with respect to the Official Statements for the Series 2009 A Bonds and 2013 B Bonds wherein Crews was the underwriter. The District evaluated its past instances of non-compliance and reported such instances with respect to the Official Statements for the Series 2009 A Bonds and the Series 2013 B Bonds as required under MCDC.

In order to address prior non-compliance and ensure that continuing disclosure obligations are satisfied in the future, the City has retained DAC to serve as dissemination agent for the Series 2018 B Bonds, as well as for the Series 2013 B Bonds, the Series 2014 C Bonds, the Series 2014 D Bonds, the Series 2014 E Bonds, the Series 2015 A Bonds, the Series 2015 B Bonds, the Series 2016 A Bonds and the Series 2016 B Bonds.

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 2018 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 2018 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 for the taxable years that began prior to January 1, 2018; and (iii) under the laws of the State of West Virginia, the Series 2018 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 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. See West Virginia Code Section 8-20-5.

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 2018 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 2018 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 2018 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 Series 2018 B Ordinance and the Tax Certificate relating to the Series 2018 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 Series 2018 B 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 2018 B Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2018 B Bonds might be affected as a result of such an audit of the Series 2018 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 2018 B Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2018 B Bonds or their market value.

The Issuer has designated the Series 2018 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Special Considerations with Respect to the Series 2018 B Bonds

The accrual or receipt of interest on the Series 2018 B Bonds may otherwise affect the federal income tax liability of the owners of the Series 2018 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 2018 B Bonds: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2018 B Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2018 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 2018 B Bonds, (iii) interest on the Series 2018 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 2018 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 2018 B Bonds, and (vi) receipt of investment income, including interest on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds or the tax consequences of ownership of the Series 2018 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 2018 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 2018 B Bonds, and, if enacted, could also affect the tax treatment of all or a portion of the interest on the Series 2018 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 2018 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 2018 B Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2018 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 2018 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 underwriter and other intermediaries, at which price a substantial amount of the debt instrument was sold. The Series 2018 B Bonds maturing on _____ 1, 20__, _____ 1, 20__ and _____ 1, 20__ (the "Series 2018 B Discount Bonds"), were sold with OID. For federal income tax purposes, OID accrues to the owner of a Series 2018 B 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 Series 2018 B Discount Bond (i) will be interest excludable from the owners' 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 2018 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 Series 2018 B Discount Bond. A purchaser of a Series 2018 B 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 Series 2018 B Discount Bond.

Owners of Series 2018 B 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 Series 2018 B 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 2018 B Bonds maturing on _____ 1, 20__, _____ 1, 20__ and _____ 1, 20__ (the "Series 2018 B 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 Series 2018 B Premium Bonds" or their earlier call date in the case of the "Series 2018 B Callable Premium Bonds." The difference between the principal amount payable at maturity of the Series 2018 B 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 Series 2018 B 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 Series 2018 B 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 Series 2018 B Premium Bond. A purchaser of a Series 2018 B Premium Bond will be required to decrease his or her adjusted basis in the Series 2018 B 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 Series 2018 B Premium Bond.

Owners of Series 2018 B 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 Series 2018 B 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 Series 2018 B Municipal Bond Insurance Policy issued by BAM, S&P Global Rating Services, a division of the McGraw Hill Companies, Inc. ("S&P") is expected to assign a rating of "AA" to the Series 2018 B Bonds.

The Issuer did not apply for any other ratings related to the Series 2018 B Bonds.

Each such rating reflects only the views of such rating agency. Any desired explanation of the significance of such rating should be obtained from S&P. Certain information and materials not included in this Official Statement were furnished by the Issuer to S&P. There is no assurance either of these ratings will continue for any period of time or that the rating will not be reviewed, downgraded or withdrawn entirely if, in the judgment of S&P circumstances so warrant. The Underwriter has undertaken no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the ratings of the Series 2018 B Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of a rating could have an adverse effect on the market price of the Series 2018 B Bonds.

UNDERWRITING

The Series 2018 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 all the Series 2018 B Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof less an Underwriter's discount of $_____, [plus/minus net original issue premium/discount of $_____]. The obligation to make such purchase is subject to the terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2018 B Bonds to certain dealers (including dealers depositing Series 2018 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, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

MUNICIPAL ADVISOR

The Issuer and CTUB have retained Compass Municipal Advisors, LLC, Lexington, Kentucky, as Municipal Advisor. The Municipal Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements (and reports with respect thereto) of CTUB as of June 30, 2017. The financial statements have been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting. CTUB has obtained the consent of Perry & Associates, Certified Public Accountants, A.C. to publish the audited financial statements with this Official Statement. Included herein as Appendix C are the audited financial statements (and reports with respect thereto) of the City of Ranson as of June 30, 2017. CTUB has obtained the consent of BHM CPA Group to publish the City of Ranson's audited financial statements with this Official Statement. Included herein as Appendix D are the audited financial statements (and reports with respect thereto) of the District as of June 30, 2017. CTUB has obtained the consent of CoxHollidaYoung PLLC to publish the District's audited financial statements with this Official Statement.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract or agreement with the purchasers or owners of the Series 2018 B Bonds.

Copies of the Series 2018 B Ordinance, the Undertaking, the Act and other applicable documents may be obtained from the Issuer at the following address:

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

During the period of offering of the Series 2018 B Bonds, copies of such documents will be available from the Underwriter. Ongoing financial information may be obtained from the Issuer at the address set forth above or online through EMMA.

This Official Statement has been duly approved and its execution and distribution authorized by the Issuer and CTUB.

CITY OF CHARLES TOWN (WEST VIRGINIA)

By: _____
Mayor

CHARLES TOWN UTILITY BOARD

By: _____
Chairman

APPENDIX A

CITY OF CHARLES TOWN (WEST VIRGINIA)
ECONOMIC AND DEMOGRAPHIC DATA

General

Surrounded by the rolling hills of the Blue Ridge Mountains, Charles Town and Jefferson County offer a wonderful escape for those seeking relaxation, entertainment, outdoor adventure or an opportunity to immerse themselves in our rich history and culture.

The City of Charles Town is the County seat of Jefferson County and is located 73 miles northwest of Washington, D.C. and 75 miles west of Baltimore. Jefferson County is the easternmost county in the State of West Virginia.

Charles Town is approximately 15 miles to Interstate 81. The nearest airport is located in Martinsburg with only charter flights available. Dulles International Airport and Hagerstown Airport are both located approximately 40 miles from Charles Town.

The Charles Town labor shed is made up of the following counties:

- Jefferson County, WV
- Berkeley County, WV
- Frederick County, MD
- Clarke County, VA
- Loudoun County, VA
- Washington County, MD

City Government

Charles Town is divided into four wards with two members representing each ward. The mayor is elected at-large and can reside in any ward in the City. City Council is thus comprised of a total of nine citizens.

The current Mayor and members of the council are as follows:

MEMBER	TERM EXPIRES
Scott Rogers, Mayor	May 2021
Michael Tolbert, Ward 1	May 2019
Chet Hines, Ward 1	May 2021
Michael Brittingham, Ward 2	May 2021
Nick Zaglifa, Ward 2	May 2019
Ann Paonessa, Ward 3	May 2019
Todd Coyle, Ward 3	May 2021
Micheal George, Ward 4	May 2021
Bob Trainor, Ward 4	May 2019

Population

The population of The City of Charles Town for years since 2010 is set forth below:

YEAR	POPULATION
2016	5,885
2015	5,824
2014	5,669
2013	5,490
2012	5,391
2011	5,354
2010	5,259

Source: U.S. Census Bureau

The total population for The City of Charles Town and Jefferson County from 1970 to 2010 are as follows:

Year	Charles Town	Jefferson County	Area*
1970	3,023	21,280	N/A
1980	2,857	30,302	N/A
1990	3,122	35,926	N/A
2000	2,907	42,190	204, 287
2010	5,288	53,498	253,796

*Represents Jefferson County and six contiguous counties including Berkeley, Morgan, Hampshire, Mineral, Hardy and Grant, West Virginia.

Additional Information on Jefferson County for 2010 includes:

Population, 2010	53,498
Households, 2012-2016	20,634
Persons per Household, 2012-2016	2.62

Transportation and Location

The City of Charles Town is served by the following:

Highways:
I-70 and I-81; U.S. 11 and 340; WV 9 and 51

Transit:
Eastern Panhandle Transit Authority (Pan Tran) (city/county transit)

Transit Railroads:
Norfolk-Southern Railroad offers daily freight service. Amtrak service is available in Harpers Ferry, West Virginia to the east and Martinsburg to the west.

Air:
Martinsburg Airport, charter flights; Dulles International Airport and Hagerstown Airport, regular passenger and freight flights, approximately 45 minutes from Charles Town.

Water:
The Shenandoah River, a major tributary of the Potomac River, is a navigable waterway.

Highway Distances from Charles Town (miles)

City	Distance from Charles Town, WV (miles)
Baltimore, MD	75
Charleston, WV	322
Charlotte, NC	384
Chicago, IL	659
Cleveland, OH	331
Columbus, OH	377
New York, NY	263
Philadelphia, PA	175
Pittsburgh, PA	205
Washington, DC	73

Source: www.distance-cities.com

Education

The following chart shows the information for the types of schools and the number of each that are in Jefferson County for the school years 2015-2016:

Type of school	Public	Private
Elementary Schools (PK-6)	9	5
Middle Schools (varies 5-8)	4	2
High Schools (varies 7-12)	2	
Technical Centers	1	
Alternative Education	1	

Source NCES, 2015-2016

The total public school enrollment for Jefferson County in 2015-2016 was 9,138 students. The combined graduation rate for 3 high schools was 94%. The pupil/teacher ratio is 15.13.

Source: NCES, WV SBA

Higher Education

Shepherd University is a liberal arts institution located one hour from Washington, DC in historic Shepherdstown, West Virginia.

American Public University System (APUS) is a for-profit, online learning institution. APUS maintains corporate and academic offices in Charles Town, West Virginia and offers associate, bachelors, and master degrees, in addition to dual degrees, certificate programs, and learning tracks.

Other post-secondary schools in the State within a couple hours' drive of the City of Charles Town include West Virginia University and West Virginia Junior College in Morgantown, West Virginia, Fairmont State University in Fairmont, West Virginia, and Salem International University in Salem, West Virginia.

Libraries

In Jefferson County there are three public libraries bookmobiles and library research services. These are the public libraries located in Jefferson County, West Virginia: Bolivar-Harpers Ferry Public Library, Shepherdstown Public Library and South Jefferson Public Library.

The Charles Town Library is a private library primarily funded by endowments. The private library contains over 60,000 volumes within 8,000 square feet in a building on East Washington Street.

Health Care

Jefferson County, West Virginia healthcare is nothing less than state-of-the-art. Jefferson Medical Center, a part of the West Virginia University Health System, is located in the City of Ranson and provides general medical and surgical care to the Jefferson County region. The Jefferson Medical Center is a 45-bed hospital with 32 full-time and 33 part-time physicians. Inpatient services include a 24-Hour Emergency Room, Level 4-trauma center, CT Scanner, MRI Service, Ultramodern Lab Facility, Home Health Service, Intensive/Critical Care Unit and Neurodiagnostic Laboratory. Outpatient services include women's health, diagnostic and therapeutic imaging, cancer services, surgery, and physical rehabilitation.

In addition to service providers at Jefferson Medical Center, our region offers a diverse mix of independent healthcare providers, including 65 total practicing physicians, 22 dentists, 22 advanced practice providers such as nurse practitioners and certified registered nurses, five chiropractors, and four oral surgeons. The county is served by Panhandle Home Health for home healthcare services and Jefferson Urgent Care for urgent medical attention.

Utilities

The following public utilities provide service in Charles Town:

Electric: Potomac Edison
Natural Gas: Not Available
Water and Sewer: Charles Town Utility Board

Employers
The top employers in The City of Charles Town and Jefferson County:

Employer
PNGI Charles Town Gaming
Jefferson County Board of Education
Shepherd University
American Public University System
Jefferson Medical Center
Wal-Mart Stores, Inc.
Royal Vendors, Inc.
Department of the Interior (National Park Service)
Jefferson County Commission
Food Lion LLC

Source: JCDA (2014)

Unemployment

The average annual percentage of unemployment rates is as follows:

Year	City of Charles Town	Jefferson County	West Virginia	United States
2008	3.7	3.8	4.0	4.2
2009	6.5	6.6	7.6	9.3
2010	6.4	6.7	8.4	9.6
2011	6.0	6.2	7.8	8.9
2012	5.1	5.4	7.3	8.1
2013	4.1	4.8	6.8	7.4
2014	N/A	4.7	6.6	5.6
2015	N/A	4.5	6.4	5.0
2016	N/A	3.4	5.5	4.7

Source: Workforce WV, U.S. Bureau of Labor Statistics

Taxes

Local Property Tax (2019 Tax Year): Rate on each $100 valuation. Valuation based on 60 percent of assessed valuation.

	Class I	Class II	Class III & IV
County	.5874	1.1748	2.3496
Charles Town	.7076	1.4152	2.8304

Source: West Virginia Auditor

Class III & IV: All other assets not in Class II -- most notably commercial and industrial property.

Municipal Business & Occupation Tax:
Charged to businesses located within the municipal boundaries of Charles Town. The tax rates vary according to the type of business and the taxes are based on one hundred dollars of gross income. Contact the municipal B&O tax clerk for more specific information.

Municipal Sales and Use Tax:
1 percent.

State Sales Tax:
6 percent.

Local Income Tax:
There is no local or county income tax.

State Income Tax: Applicable to all taxpayers except married filing separate returns:

Taxable Income		Tax Liability		
Over	But Not Over		Plus	Of Excess Over
$0	$10,000	$0	3.0%	$0
10,000	25,000	300.00	4.0%	10,000
25,000	40,000	900.00	4.0%	25,000
40,000	60,000	1,575.00	6.0%	40,000
60,000		2,775.00	6.5%	60,000

Business Taxes: The state of West Virginia presently imposes two primary business taxes: the Corporate Net Income Tax and the Business Franchise Tax. The Corporation Net Income Tax rate is 8.5 percent of the federal taxable income of the corporation for the year. The Corporation Net Income Tax is being reduced in 2012 to 7.75 percent, in 2013 to 7 percent and in 2014 to 6.5 percent. The measure of the Business Franchise Tax is the net worth of the corporation or partnership as determined for federal income tax purposes. The tax is levied at the rate of 0.27 percent or $50, whichever is greater. The Business Franchise Tax is being phased out each year for the next three years. Three additional taxes are levied upon specialized industries. A Severance Tax is imposed on the production of natural resources. The Business and Occupation Tax, a gross receipts levy, is imposed upon public utilities and electric power producers.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CHARLES TOWN UTILITY BOARD

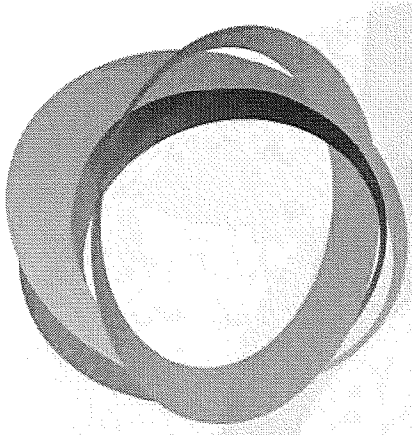
FOR FISCAL YEAR ENDED JUNE 30, 2017

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



PERRY & Associates

Certified Public Accountants, A.C.

CHARLES TOWN UTILITY BOARD
Component Unit of the
Municipality of Charles Town
JEFFERSON COUNTY
Regular Audit
For the Year Ended June 30, 2017

RFP #17-230

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• Association of Certified Anti - Money Laundering Specialists •

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

FOR THE YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

December 13, 2017

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, 2017, and the related notes to the financial statements, which collectively comprise the Utility Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Utility Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Utility Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Basis for Qualified Opinion

The Utility Board has elected not to record the 2017 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 $34,578, and net position would decrease by $34,578 as of June 30, 2017. Additionally, expenses would increase by $34,578 for the year ending June 30, 2017. 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 $754,041 as of June 30, 2017.

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, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 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, 2017
(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, 2017. Please read it in conjunction with the Utility Board's financial statements.

FINANCIAL HIGHLIGHTS

The Utility Board's net position increased $1.2 million as a result of this year's operations. Net position of the water fund increased $0.9 million compared to the previous year, or 26 percent. Net position of the sewer fund increased by $0.3 million, or 2 percent compared to the previous year.

The Utility Board's operating revenues increased by $1.1 million and operating expenses increased by $0.7 million compared to the previous year. Water fund operating revenues increased by $0.7 million and water fund operating expenses increased by $0.5 million compared to the previous year. Sewer fund operating revenues increased by $0.4 million and sewer operating expenses increased by $0.2 million compared to the previous year.

Operating income increased by $0.2 million for the water fund and increased by $0.2 million for the sewer fund compared to the previous year.

The Utility Board had construction in progress at June 30, 2017, most significantly to upgrades of water and sewer treatment plants. Total estimated cost of the projects is $12.8 million with $8.7 million incurred as of June 30, 2017. The projects are being funded by the issuance of bonds.

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).

2. Financial Statements

   The financial statements are designed to provide readers with a broad overview of the Utility Board's finances, in a manner similar to private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

   The Statement of Net Position presents information on all the Utility Board's assets/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.

2. Financial Statements (continued)

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.

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	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 4.9	$ 9.8	$ 3.4	$ 2.5	$ 8.3	$ 12.3
Capital assets	20.5	15.4	34.9	32.4	55.4	47.8
Total assets	25.4	25.2	38.3	34.9	63.7	60.1
Deferred outflows of resources	0.8	0.8	0.4	0.3	1.2	1.1
Total assets and deferred outflows of resources	$ 26.2	$ 26.0	$ 38.7	$ 35.2	$ 64.9	$ 61.2
Long-term debt outstanding	$ 20.2	$ 21.4	$ 21.1	$ 18.6	$ 41.3	$ 40.0
Other liabilities	1.6	0.9	1.2	0.5	2.8	1.4
Total liabilities	21.8	22.3	22.3	19.1	44.1	41.4
Deferred inflows of resources	-	0.2	0.1	0.1	0.1	0.3
Net position:						
Net investment in capital assets	1.1	0.9	13.8	14.5	14.9	15.4
Restricted	2.2	1.7	2.0	1.3	4.2	3.0
Unrestricted	1.1	0.9	0.5	0.2	1.6	1.1
Total net position	4.4	3.5	16.3	16.0	20.7	19.5
Total liabilities, deferred and net position	$ 26.2	$ 26.0	$ 38.7	$ 35.2	$ 64.9	$ 61.2

Net position of the Utility Board as a whole increased by 6 percent ($1.2 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from $1.1 million at June 30, 2016, to $1.6 million at the end of this year.

Water net position increased by $0.9 million or 26 percent and sewer net position increased by $0.3 million or 2 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	
	2017	2016	2017	2016	2017	2016
Operating revenues	$ 3.9	$ 3.2	$ 3.8	$ 3.4	$ 7.7	$ 6.6
Operating expenses	3.4	2.9	3.2	3.0	6.6	5.9
Operating income	0.5	0.3	0.6	0.4	1.1	0.7
Non-operating revenues (expenses)	0.1	(0.3)	(0.4)	(0.3)	(0.3)	(0.6)
Changes in net position before capital contributions	0.6	-	0.2	0.1	0.8	0.1
Capital contributions	0.3	0.1	0.1	0.1	0.4	0.2
Change in net position	$ 0.9	$ 0.1	$ 0.3	$ 0.2	$ 1.2	$ 0.3

The Utility Board's operating revenues increased by $1.1 million or 17 percent. The operating expenses increased by $0.7 million or 12 percent. The analysis separately considers the operations of the water and sewer funds.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2017, 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, 2017, the Utility Board had $55.4 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 $7.6 million.

Table 3 - Capital Assets at Year-End (Net of Depreciation, in Millions)

	2017	2016
Capital assets not depreciated - utility plant	$ 9.2	$ 1.9
Capital assets depreciated - utility plant	70.0	67.7
Totals	79.2	69.6
Accumulated depreciation	(23.8)	(21.8)
Capital assets, net of depreciation	$ 55.4	$ 47.8

Capital additions placed in service for the year ended June 30, 2017 are as follows (in Millions)

Water	
Treatment plant improvements	$ 0.3
Equipment	0.1
Water tank improvements	0.2
Water transmission and distributions improvement projects	1.2
	1.8
Sewer	
Collection mains	0.3
Treatment plant improvements	0.2
	0.5
Total 2017 additions	$ 2.2

Debt

At year-end, the Utility Board had $42.3 million in long-term debt outstanding compared to $40.0 million in the previous year.

Table 4 - Outstanding Debt at Year-End (in Millions)

	2017	2016
Leases	$ 0.3	$ 0.3
Loans (Municipality of Charles Town)	0.5	0.5
Notes	0.1	0.1
Bonds	41.4	39.1
Total	$ 42.3	$ 40.0

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 2017 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, 2017

ASSETS AND DEFERRED OUTFLOWS

	Water Fund	Sewer Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 615,260	$ 279,561	$ 894,821
Customer accounts receivable, net of allowances	163,171	88,594	251,765
Due from sewer department	15,451	-	15,451
Due from associated companies	4,200	183,651	187,851
Inventory, at cost	100,018	1,768	101,786
Accrued utility revenue	332,786	190,224	523,010
Total current assets	1,230,886	743,798	1,974,684
RESTRICTED ASSETS			
Debt service funds	1,073,967	898,049	1,972,016
Construction funds	1,181,768	582,518	1,764,286
Capacity improvement funds	1,141,388	997,439	2,138,827
Repair and replacement funds	140,238	131,946	272,184
Total restricted assets	3,537,361	2,609,952	6,147,313
CAPITAL ASSETS			
Utility plant in service	29,617,404	40,871,949	70,489,353
Less: accumulated depreciation and amortization	14,463,980	9,333,794	23,797,774
Net utility plant in service	15,153,424	31,538,155	46,691,579
Construction in progress	5,323,619	3,380,253	8,703,872
Total capital assets	20,477,043	34,918,408	55,395,451
OTHER ASSETS			
Prepaid bond insurance	117,242	50,974	168,216
Total assets	25,362,532	38,323,132	63,685,664
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized amounts from refunding of debt	519,343	132,231	651,574
Defined benefit pension plan contribution	89,869	59,427	149,296
Collective deferred outflows related to pension	251,291	149,439	400,730
Total deferred outflows	860,503	341,097	1,201,600
Total assets and deferred outflows	$ 26,223,035	$ 38,664,229	$ 64,887,264

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2017

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 198,825	$ 109,857	$ 308,682
Accrued expenses	174,957	88,257	263,214
Customer deposits	129,734	58,213	187,947
Due to water fund	-	15,451	15,451
Notes payable (current portion)	-	5,510	5,510
Capital lease payable (current portion)	93,368	-	93,368
Total current liabilities (payable from current assets)	596,884	277,288	874,172
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	865,813	902,102	1,767,915
Accrued revenue bond interest payable	125,314	46,741	172,055
Total current liabilities (payable from restricted assets)	991,127	948,843	1,939,970
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)			
Revenue bonds payable	18,967,974	20,636,937	39,604,911
Capital lease payable	206,626	-	206,626
Notes payable	-	7,846	7,846
Accrued expenses	50,147	25,463	75,610
Loan from Charles Town	444,920	118,979	563,899
Collective net pension liability	525,226	334,238	859,464
Total long-term liabilities	20,194,893	21,123,463	41,318,356
Total liabilities	21,782,904	22,349,594	44,132,498
DEFERRED INFLOWS OF RESOURCES			
Collective deferred inflows related to pension	26,821	15,051	41,872
Total liabilities and deferred inflows	21,809,725	22,364,645	44,174,370
NET POSITION			
Net investment in capital assets	1,080,110	13,829,552	14,909,662
Restricted	2,230,279	1,980,693	4,210,972
Unrestricted	1,102,921	489,339	1,592,260
Total net position	4,413,310	16,299,584	20,712,894
Total liabilities, deferred inflows and net position	$ 26,223,035	$ 38,664,229	$ 64,887,264

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, 2017

	Water Fund	Sewer Fund	Totals
OPERATING REVENUES			
Sales and services to customers	$ 3,938,563	$ 3,795,500	$ 7,734,063
Total operating revenues	3,938,563	3,795,500	7,734,063
OPERATING EXPENSES			
Personal services	776,995	712,582	1,489,577
Contractual services	146,648	228,679	375,327
Administrative and general	156,557	110,089	266,646
Materials and supplies	265,768	389,867	655,635
Utilities	157,968	355,407	513,375
Maintenance	957,854	393,910	1,351,764
Depreciation and amortization	942,604	966,319	1,908,923
Total operating expenses	3,404,394	3,156,853	6,561,247
Operating income	534,169	638,647	1,172,816
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	17,485	12,672	30,157
Interest and fiscal charges	(399,553)	(314,773)	(714,326)
Bond issuance costs	-	(105,855)	(105,855)
Miscellaneous revenues	462,173	-	462,173
Total nonoperating revenues (expenses)	80,105	(407,956)	(327,851)
Income before contributed capital	614,274	230,691	844,965
CONTRIBUTED CAPITAL	277,483	86,779	364,262
Change in net position	891,757	317,470	1,209,227
Total net position at beginning of year	3,521,553	15,982,114	19,503,667
Total net position at end of year	$ 4,413,310	$ 16,299,584	$ 20,712,894

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS
For the year ended June 30, 2017

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 3,892,526	$ 3,722,692	$ 7,615,218
Cash paid for operation and maintenance expenses	(2,415,785)	(2,184,507)	(4,600,292)
Net cash provided by operations	1,476,741	1,538,185	3,014,926
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(6,001,214)	(3,488,828)	(9,490,042)
Bond acquisition costs paid	-	(105,855)	(105,855)
Proceeds from revenue bonds and long-term debt	140,888	3,997,250	4,138,138
Principal paid on revenue bonds and long-term debt	(951,770)	(879,957)	(1,831,727)
Payment of bond insurance	-	(40,681)	(40,681)
Interest paid on bonds, notes and leases payable	(336,297)	(299,422)	(635,719)
Decrease in restricted assets, net	5,211,085	(648,793)	4,562,292
Other contributed capital	277,483	86,779	364,262
Net cash used in capital and related financing activities	(1,659,825)	(1,379,507)	(3,039,332)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	475,458	12,672	488,130
Interest paid on refunded customer security deposits	(657)	(408)	(1,065)
Interdepartmental advances/repayments	7,900	(7,900)	-
Payments to other utilities	(423)	-	(423)
Repayment of City of Charles Town general fund advances	(10,180)	(2,636)	(12,816)
Net cash provided by (used in) investing activities	472,098	1,728	473,826
Net increase in cash and cash equivalents	289,014	160,406	449,420
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	326,246	119,155	445,401
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 615,260	$ 279,561	$ 894,821

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2017

	Water Fund	Sewer Fund	Totals
Operating income	$ 534,169	$ 638,647	$ 1,172,816
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	942,604	966,319	1,908,923
Decrease (increase) in receivables	12,576	(41,745)	(29,169)
Decrease (increase) in accrued revenues	(60,774)	(22,775)	(83,549)
Decrease (increase) in inventory	(14,245)	-	(14,245)
Decrease (increase) in pension deferred outflows	(66,590)	(48,690)	(115,280)
Increase (decrease) in accounts payable	48,748	623	49,371
Increase (decrease) in customer deposits	2,161	(8,287)	(6,126)
Increase (decrease) in accrued expenses	2,646	(377)	2,269
Increase (decrease) in collective net pension liability	223,443	156,999	380,442
Increase (decrease) in pension deferred inflows	(147,997)	(102,529)	(250,526)
Net cash provided by operating activities	$ 1,476,741	$ 1,538,185	$ 3,014,926
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Noncash investing, capital, and financing transactions:			
Capital assets financed by accounts payable	$ -	$ -	-
RECONCILIATION OF CASH			
Cash per statement of net position	$ 615,260	$ 279,561	$ 894,821
Cash per statement of cash flows	$ 615,260	$ 279,561	$ 894,821

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 6,310 water customers and 3,293 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 $5,000.

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 capitalized $285,308 of interest in the water fund and $111,137 of interest in the sewer fund during the year ended June 30, 2017.

The depreciation/amortization of assets acquired under capital leases or in excess of predecessor book value are included in depreciation expense.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Utility Board considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three months or less, to be cash equivalents.

Bank balances at June 30, 2017 includes deposits of $5,559,318 at four 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, 2017, accounts receivable for the water and sewer funds are $163,171 and $88,594, respectively, net of allowance for doubtful accounts.

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, 2017 are $332,786 and $190,224, 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, 2017.

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, 2017, amounted to $50,147 and $25,463, 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.

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to the pension, and pension expense, information about the fiduciary net position of the Utility Board's Public Retirement System (PERS) and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses accounting and financial reporting issues related to other postemployment benefits provided to employees of state and local government employers. Statement 75 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 63, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Statement 82 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern for recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Statement 83 will be effective for the Utility Board for fiscal year ending June 30, 2019.

GASB Statement No. 85, *Omnibus 2017*, purpose is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. Statement No. 85 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 86 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 87, *Leases*, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. No. 87 will be effective for the Utility Board for fiscal year ending June 30, 2021.

The Utility Board has not yet determined the effect these Statements will have on its financial statements.

NOTE 3 - CASH

Cash consists of the following accounts and amounts at June 30, 2017:

	Water	Sewer	Total
Petty cash	$ 75	$ 75	$ 150
Operations and maintenance accounts	324,102	89,850	413,952
Security deposit accounts	39,412	54,806	94,218
Working capital reserve accounts	251,671	134,830	386,501
	$ 615,260	$ 279,561	$ 894,821

NOTE 4 - CAPITAL ASSETS

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017
Capital Assets Not Depreciated				
Land and land rights	$ 525,800	$ -	$ -	$ 525,800
Construction in progress	1,432,270	9,466,634	2,195,032	8,703,872
Total Capital Assets Not	1,958,070	9,466,634	2,195,032	9,229,672
Capital Assets Depreciated				
Utility plant in service	67,768,521	2,195,032	-	69,963,553
Less accumulated depreciation	(21,888,851)	(1,908,923)	-	(23,797,774)
Net Capital Assets Depreciated	45,879,670	286,109	-	46,165,779
Total Capital Assets	$ 47,837,740	$ 9,752,743	$ 2,195,032	$ 55,395,451
Depreciation Expense	$ 1,908,923			

NOTE 5 - LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2017:

Bonds Payable - Water Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017	Due Within One Year
1987B	2026	0.00%	$ 119,735	$ -	$ 10,885	$ 108,850	$ 10,885
1988B	2028	0.00%	185,992	-	14,308	171,684	14,308
1989B	2029	0.00%	42,173	-	3,012	39,161	3,012
2002A	2039	5.80%	931,380	-	18,826	912,554	19,917
2002B	2042	0.00%	2,431,168	-	93,507	2,337,661	93,507
2010A	2031	2.00%	706,981	-	41,638	665,343	42,478
2010B	2031	2.00%	77,480	-	4,563	72,917	4,656
2013B	2043	4.70%	1,096,600	-	28,800	1,067,800	22,800
2014C	2033	2.50%-4.75%	790,000	-	35,000	755,000	35,000
2014E	2026	1.50%-3.40%	1,265,000	-	110,000	1,155,000	115,000
2015A	2030	1.50%-3.50%	1,732,500	-	81,900	1,650,600	85,050
2015B	2029	1.50%-4.00%	3,527,550	-	238,950	3,288,600	259,200
2016A	2046	1.60%-4.50%	7,695,000	-	140,000	7,555,000	160,000
Total Bonds Payable			$ 20,601,559	$ -	$ 21,389	19,780,170	$ 865,813
				Unamortized Premiums/ Discounts,		53,617	
						$ 19,833,787	

Maturities of water bonds payable for years succeeding June 30, 2017, are as follows:

Year	Principal	Interest	Total
2018	$ 865,813	$ 581,070	$ 1,446,883
2019	889,165	563,725	1,452,890
2020	905,407	547,115	1,452,522
2021	921,789	529,969	1,451,758
2022	933,217	511,190	1,444,407
2023-2027	4,893,994	2,174,805	7,068,799
2028-2032	3,494,121	1,524,033	5,018,154
2033-2037	2,535,703	1,000,643	3,536,346
2038-2042	2,631,061	560,868	3,191,929
2043-2046	1,709,900	152,381	1,862,281
	$ 19,780,170	$ 8,145,799	$ 27,925,969

NOTE 5 - LONG-TERM DEBT (continued)

Bonds Payable - Sewer Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017	Due Within One Year
1988B	2028	0.00%	$ 98,628	$ -	$ 7,588	$ 91,040	$ 7,588
1998 Design	2019	2.00%	83,500	-	25,119	58,381	25,625
2000A	2021	2.00%	999,300	-	173,632	825,668	177,130
2010C	2041	0.00%	1,041,660	-	41,668	999,992	41,668
2010D	2041	0.00%	416,660	-	16,668	399,992	16,668
2011A	2041	0.00%	6,259,320	-	250,373	6,008,947	250,373
2013A	2044	0.50%	559,827	-	18,497	541,330	18,590
2013B	2043	4.70%	1,768,400	-	26,200	1,742,200	37,200
2014A	2046	0.50%	4,027,528	-	125,880	3,901,648	126,510
2014D	2028	3.00%-5.00%	1,310,000	-	85,000	1,225,000	90,000
2015A	2030	1.50%-3.50%	1,017,500	-	48,100	969,400	49,950
2015B	2030	1.50%-4.00%	827,450	-	56,050	771,400	60,800
2016B	2046	1.50%-4.00%	-	3,895,000	-	3,895,000	-
Total Bonds Payable			$ 18,409,773	$ 3,895,000	$ 874,775	$ 21,429,998	$ 902,102
				Unamortized Premiums/ Discounts, Net		109,041	
						$ 21,539,039	

Maturities of sewer bonds payable for years succeeding June 30, 2017, are as follows:

Year	Principal	Interest	Total
2018	$ 902,102	$ 411,706	$ 1,313,808
2019	915,665	400,190	1,315,855
2020	926,458	385,942	1,312,400
2021	940,194	372,750	1,312,944
2022	954,272	350,641	1,304,913
2023-2027	4,076,732	1,503,455	5,580,187
2028-2032	3,848,453	1,128,667	4,977,120
2033-2037	3,620,698	813,395	4,434,093
2038-2042	3,516,529	478,270	3,994,799
2043-2046	1,728,895	96,393	1,825,288
	$ 21,429,998	$ 5,941,409	$ 27,371,407

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.

NOTE 5 - LONG-TERM DEBT (continued)

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, 2017.

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, 2017.

Note 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.	$ 13,356

Scheduled maturities of the note for the years succeeding June 30, 2017 are estimated as follows:

Year	Principal	Interest	Total
2018	$ 5,510	$ 668	$ 6,178
2019	5,859	319	6,178
2020	1,987	25	2,012
	$ 13,356	$ 1,012	$ 14,368

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, 2017.

Leased Equipment	Expiration	Water Fund Remaining Minimum (net of interest) Lease Payments
Various utility improvements, equipment, and vehicles	2018-2022	
Total capital leases payable at June 30, 2017		$ 299,994
Less: Current portion due in upcoming year		(93,368)
Long-term capital leases payable at June 30, 2017 (net of current portion)		$ 206,626

NOTE 6 - LEASE AGREEMENTS (continued)

Capital Leases (continued)

Estimated minimum future lease payments under the capital leases as of June 30, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 93,368	$ 10,792	$ 104,160
2019	96,957	7,203	104,160
2020	66,519	3,737	70,256
2021	25,469	1,661	27,130
2022	17,681	629	18,310
	$ 299,994	$ 24,022	$ 324,016

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES OTHER THAN BONDS

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Notes payable	$ 18,539	$ -	$ 5,183	$ 13,356
Capital lease payable	289,488	140,888	130,382	299,994
Loan from Charles Town	576,715	-	12,816	563,899
Accrued compensated absences	76,672	-	1,062	75,610
Collective net pension liability	479,022	581,565	201,123	859,464
Total	$ 1,440,436	$ 722,453	$ 350,566	$ 1,812,323

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description, Contribution Information, and Funding Policies

The Utility Board participates in the West Virginia Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Utility Board employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

PERS is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

Eligibility to participate:	All Utility Board full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	State Statute
Tier 1 Plan member's contribution rate:	4.50% (Employees hired before July 1, 2015)
Tier 2 Plan member's contribution rate:	6.00% (Employees hired after July 1, 2015)
Utility Board's contribution rate:	12.00% for fiscal year 2017
Period required to vest:	5 years for Tier 1 and 10 years for Tier 2
Benefits and eligibility for distribution:	Tier 1 A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit. Tier 2 Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion:	No
Provisions for:	
Cost of living	No
Death benefits	Yes

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2017	$149,296	100%
2016	$174,028	100%
2015	$162,876	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

At June 30, 2017, the Utility Board reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 using the actuarial assumptions and methods described in the appropriate section of this note. The Utility Board's proportion of the net pension liability was based on a projection of the Utility Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2017, the Utility Board reported the following proportion and increase/(decrease) from its proportion measured as of June 30, 2016:

Amount for proportionate share of net pension liability	$859,464
Percentage for proportionate share of net pension liability	.09351%
Increase/(decrease) % from prior proportion measured	.007726%

For the year ended June 30, 2017, the Utility Board recognized the following pension expense:

	Water	Sewer	Total
Pension expense	$ 99,204	$ 65,600	$ 164,804

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension (continued)

The Utility Board reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	$ 270,075	$ -
Difference between expected and actual experience	71,672	-
Deferred difference in assumptions	-	41,872
Changes in proportion and differences between Utility Board contributions and proportionate share of contributions	58,983	-
Utility Board contributions subsequent to the measurement date	149,296	-
	$ 550,026	$ 41,872

The amount reported as deferred outflows of resources related to the pension plan resulting from Utility Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year ended June 30	
2018	$ 67,533
2019	67,530
2020	138,579
2021	85,216
Total	$ 358,858

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, and rolled forward to June 30, 2016, which is the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Individual entry age normal cost with level percentage of payroll
Asset Valuation Method	Fair value
Amortization Method	Level dollar, fixed period
Amortization Period	Through fiscal year 2034
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases:	
PERS:	
State	3.0-4.6%
Nonstate	3.35-6%
Inflation Rate	3.00%
Discount Rate	7.50%
Mortality Rates	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA fully generational; Healthy females - 101% of RP-2000, Disabled males - 96% of RP-2000 Disabled females - 107% of RP 2000 Disabled Annuitant, Scale AA fully generational
Withdrawal Rates:	
State	1.75-35.1%
Nonstate	2-35.8%
Disability Rates	0-.675%
Retirement Rates	15-100%
Date Range in Most Recent Experience Study	2009-2014

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (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 percentage and by adding expected inflation. Rates summarized in the following table as of June 30, 2016, include the inflation component and were used for the defined benefit plan:

Asset Class	Long-Term Expected Rate of Return	PERS Target Asset Allocation
US Equity	7.00%	27.50%
International Equity	7.70%	27.50%
Core Fixed Income	2.70%	7.50%
High Yield Fixed Income	5.50%	7.50%
TPS	2.70%	0.00%
Real Estate	7.00%	10.00%
Private Equity	9.40%	10.00%
Hedge Funds	4.70%	10.00%
		100.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for the defined benefit plan. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for 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 liability of the plan.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Utility Board's proportionate share of net pension liability	$ 1,555,768	$ 859,464	$ 268,121

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

NOTE 9 - 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 2017 and certain preceding years which is required under Generally Accepted Accounting Principles.

NOTE 10 - 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 11 - 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 $444,920 and $118,979 for the water and sewer departments, respectively, at June 30, 2017.

NOTE 12 - RESTRICTED NET POSITION

Restricted net position reflect that portion of total net assets legally or contractually segregated for a specific future use. The following amounts represent restricted net position at June 30, 2017:

Cash and temporary investments	
Debt service and debt service reserve funds	$1,972,016
Capacity improvement funds	2,138,827
Total	$4,210,972

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Utility Board is in the construction phase of various water and sewer projects with estimated costs of approximately $12.8 million. Costs incurred through June 30, 2017 amount to approximately $8.7 million. The projects are being financed with the proceeds from bond issuances, grant awards, and internal capacity improvement funds.

NOTE 14 - SUBSEQUENT EVENTS

The Utility Board has evaluated all subsequent events through December 13, 2017, the date the financial statements were available to be issued. The Utility Board has determined there are no additional subsequent events that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CHARLES TOWN UTILITY BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
June 30, 2017

Public Employees Retirement System - Last 10 Fiscal Years (1)

	2016	2015	2014
Board's proportion of the net pension liability (asset) (percentage)	0.09351%	0.085784%	0.080179%
Board's proportionate share of the net pension liability (asset)	$ 859,464	$ 479,022	$ 295,926
Board's covered payroll	$ 1,289,097	$ 1,163,400	$ 1,095,816
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	69.08%	41.17%	27.01%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%

(1) Information prior to 2014 is not available

Charles Town Utility Board
Required Supplemental Information
SCHEDULE OF CONTRIBUTIONS
June 30, 2017

Public Employees Retirement System

	2017	2016	2015
Contractually required contribution	$ 149,296	$ 174,028	$ 162,876
Contributions in relation to contractually required contribution	(149,296)	(174,028)	(162,876)
Contribution deficit (surplus)	$ -	$ -	$ -
Board's covered payroll	$ 1,244,131	$ 1,289,097	$ 1,163,400
Contributions as a percentage of covered payroll	12.00%	13.50%	14.00%

The information presented is only available as of June 30, 2015.
The Board will be adding additional years to the schedule as information is available.

PERRY & Associates
Certified Public Accountants, A.C.

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Marietta, OH 45750
740.373.0056

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Vienna, WV 26105
304.422.2203

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St. Clairsville, OH 43950
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Wheeling, WV 26003
304.232.1358

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

December 13, 2017

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, 2017, 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 December 13, 2017, 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, 2017.

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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 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

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2017-001

Material Weakness

OPEB Liability

The Utility Board has elected not to record the 2017 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 $34,578, and net position would decrease by $34,578 as of June 30, 2017. Additionally, expenses would increase by $34,578 for the year ending June 30, 2017. 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 $754,041 as of June 30, 2017.

Management's Response – The Charles Town Utility Board acknowledges that the financial statements have the OPEB departure. As of April 22, 2015, the Utility Board is no longer regulated by the West Virginia Public Service Commission (WV PSC) and their policy disallowed the unpaid OPEB. Going forward, this liability will be reviewed and evaluated to determine compliance with generally accepted accounting principles.

CHARLES TOWN UTILITY BOARD
JEFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2016-001	OPEB Liability	No	Repeated as Finding 2017-001

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY OF RANSON

FOR FISCAL YEAR ENDED JUNE 30, 2017

RFP# 16-253
Jefferson County

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

AUDIT REPORT OF
THE CITY OF RANSON, WEST VIRGINIA
REGULAR AUDIT

For the Year Ended June 30, 2017
Fiscal Year Audited Under GAGAS: 2017

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CITY OF RANSON, WEST VIRGINIA
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INTRODUCTORY SECTION

CITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN THE REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General Fund
Coal Severance Fund
Capital Improvements Fund
Sales Tax Fund

PROPRIETARY FUND TYPES

MAJOR FUND

Sewer Fund

COMPONENT UNITS

Discretely Presented

City of Ranson Building Commission
City of Ranson Convention and Visitors Bureau, Inc.
City of Ranson Parks & Recreation, Inc.

CITY OF RANSON, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2017

OFFICE	NAME	TERM
	Elective	
Mayor:	Keith Pierson	02/16/16 / 06/30/17
Council Members:	Mike Anderson	07/01/13 / 06/30/17
	David Cheshire	07/01/14 / 06/30/18
	Scott Coulter	07/01/14 / 06/30/18
	Anthony Grant	04/05/16 / 06/30/17
	Donnie Haines	07/01/14 / 06/30/18
	Jay Watson	11/01/14 / 06/30/18
Appointed Officials		
City Manager	Andrew Blake	07/01/13 / 06/30/17

FINANCIAL SECTION

Independent Auditor's Report

City of Ranson
Jefferson County, West Virginia
312 South Mildred Street
Ranson, West Virginia, 25438

To the Mayor and Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the discretely presented components of the City of Ranson, Jefferson County, West Virginia (the City), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City'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 preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City'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 City'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 audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Ranson, Jefferson County, West Virginia, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Fund, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis 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 that 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 any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

Other Information

The introductory section presents additional analysis and is not a required part of the basic financial statements. We did not subject the introductory section to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018, on our consideration of the City'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 City's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Huntington, West Virginia
April 6, 2018

The discussion and analysis of the City of Ranson's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's net position increased by $1.9 million as a result of this year's operations. Net position of the business-type activities increased at $0.1 million compared to the previous year or 9 percent, net position of the governmental activities increased by $1.8 million, or 14 percent.

During the year, the City had expenses for governmental programs that were $4.0 million more than the $1.2 million generated by governmental program revenues, which includes fees for services and intergovernmental aid. The remaining cost of governmental activities was financed with general revenues, which totaled $5.7 million for the year.

The City implemented a local sales tax effective July 1, 2015, which generated $1.3 million for 2017 and $1.0 million for 2016.

In the City's business-type activities, revenues increased $0.2 million or 18% and expenses increased by $0.1 million or 9%.

The City was a participant in an intergovernmental project to construct Fairfax Blvd. improvements. Phase 1 of the project was completed in March 2017 and the City placed in service $2.4 million of improvements. Phase 2 of the project is in the design stage.

The general fund ended the year with a fund balance of $2.6 million, a $0.9 million decrease from the previous year as a result of capital improvements projects through the capital improvement fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements present a shorter term view, and tell how governmental services were financed in the near term as well as funds remaining for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

USING THIS ANNUAL REPORT (CONTINUED)

Reporting the City as a Whole (continued)

These two statements report the City's net position and changes in it. You can think of the City's net position-the difference between assets and liabilities-as one way to measure whether the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental activities-Most of the City's basic services are reported here, including the police, streets, sanitation, and general administration. Property taxes, business and occupation taxes, sales taxes, and general revenues finance most of these activities.

Business-type activities-The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer system is reported here.

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental funds-Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in the reconciliations following each of the fund financial statements.

Proprietary funds–When the City charges customers for the services it provides-whether to outside customers or to other units of the City-these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, these funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

THE CITY AS A WHOLE

The City's combined net position increased $1.9 million from a year ago-increasing from $14.3 million to $16.2 million. Reviewing the net position of governmental and business-type activities separately provides more detail about these changes. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 9.0	$ 8.3	$ 0.5	$ 0.4	$ 9.5	$ 8.7
Capital assets	6.7	5.9	0.8	0.8	7.5	6.7
Total assets	$ 15.7	$ 14.2	$ 1.3	$ 1.2	$ 17.0	$ 15.4
Long-term debt outstanding	$ -	$ -	$ -	$ -	$ -	$ -
Liabilities	0.7	1.0	0.1	0.1	0.8	1.1
Total liabilities	0.7	1.0	0.1	0.1	0.8	1.1
Net position:						
Net investment in capital assets	6.7	5.9	0.8	0.8	7.5	6.7
Restricted			-	-	-	
Unrestricted	8.3	7.3	0.4	0.3	8.7	7.6
Total net position	15.0	13.2	1.2	1.1	16.2	14.3
Total liabilities and net position	$ 15.7	$ 14.2	$ 1.3	$ 1.2	$ 17.0	$ 15.4

Net position of the City's governmental activities increased by 14 percent ($1.8 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 $7.3 million at June 30, 2016, to $8.3 million at the end of this year.

The net position of business-type activities increased by $0.1 million compared to the previous year or 9%. Unrestricted net position increased at $0.1 million compared to the previous year. The City generally can use unrestricted net position to finance the continuing operations of the sewer department.

THE CITY AS A WHOLE (CONTINUED)

Table 2
Changes in Net position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	$ 1.1	$ 1.1	$ 1.3	$ 1.1	$ 2.4	$ 2.2
Capital grants and contributions	0.1	-	-	-	0.1	-
General revenues:						
Property taxes	1.1	1.0	-	-	1.1	1.0
Business and occupation tax	1.5	1.5	-	-	1.5	1.5
Sales tax	1.3	1.0	-	-	1.3	1.0
Alcoholic beverage tax	0.1	0.1	-	-	0.1	0.1
Hotel/motel tax	0.4	0.4	-	-	0.4	0.4
Utility services tax	0.1	0.1	-	-	0.1	0.1
Video lottery/table gaming	1.0	1.1	-	-	1.0	1.1
Other general revenues	0.1	0.1	-	-	0.1	0.1
Total revenues	6.8	6.4	1.3	1.1	8.1	7.5
Expenses						
General government	1.6	1.7	-	-	1.6	1.7
Public safety	1.6	1.4	-	-	1.6	1.4
Streets and transportation	1.1	1.0	-	-	1.1	1.0
Health and sanitation	0.4	0.4	-	-	0.4	0.4
Culture and recreation	0.5	0.7	-	-	0.5	0.7
Sewer	-	-	1.2	1.1	1.2	1.1
Total expenses	5.2	5.2	1.2	1.1	6.4	6.3
Change in net position	$ 1.6	$ 1.2	$ 0.1	$ 0.0	$ 1.7	$ 1.2

The City's total revenues increased by $0.7 million during the year or 9 percent, primarily because of an increase in general tax revenues and charges for utility services. The total cost of all programs and services increased by 2 percent ($0.1 million) because of an increase in purchased sewer treatment costs and other sewer services costs. The analysis separately considers the operations of governmental and business-type activities.

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities

Revenues for the City's governmental activities increased by $0.5 million, and total expenses remained constant at $5.2 million. The factors driving these results include the following:

a) The City's governmental revenue increased because of a an increase in general government tax revenues including an additional $0.3 million of sales tax revenues.

b) The City's governmental expenses remained constant at $5.2 million as a result of cost controls implemented.

The cost of all governmental activities this year was $5.2 million for both 2017 and 2016. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through City general revenues was $4.0 million because some of the cost was paid by those who directly benefitted from the programs ($1.2 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, increased $0.1 million to $1.2 million. The City paid for the remaining "public benefit" portion of governmental activities with $4.0 million in taxes (some of which could only be used for certain programs) and with general revenues, such as video lottery/table gaming revenues, and developer fees.

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased $0.2 million compared to the previous year and expenses increased $0.1 million. The factors driving these results include:

a) Revenues have increased as a result of increases in sewer rates and charges.

b) Costs increased as a result of an increase in purchased treatment costs and other sewer operating costs.

THE CITY'S FUNDS

As the City completed the year, the governmental funds reported a combined fund balance of $8.3 million, which is an increase of 12 percent ($0.9 million).

General Fund Budgetary Highlights

Over the course of the year, the City Council made occasional revisions to the City budget. These budget amendments were made to reflect anticipated funding changes in the City's operations.

Even with the above mentioned amendments, the City's actual revenues exceeded budgeted revenues by $0.3 million and actual expenditures were $0.6 million less than reflected budgeted expenditures. Actual ending general fund balance exceeded budgeted ending general fund balance by $2.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the City had $7.5 million invested in a broad range of capital assets, including land, leasehold improvements, roads, equipment and vehicles, and sewer infrastructure. (See Table 3 below). This amount represents a net increase (including accumulated depreciation) of $0.7 million, or 10 percent.

Construction in progress consists of planning, design and construction costs related to Phase 2 Fairfax Blvd. (streets and sidewalks) improvements.

Table 3
Changes in Capital Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 0.8	$ 0.8	$ -	$ -	$ 0.8	$ 0.8
Leasehold improvements	0.9	0.9	-	-	0.9	0.9
Roads	5.4	2.9	-	-	5.4	2.9
Equipment, vehicles, and software	3.0	2.7	-	-	3.0	2.7
Utility plant	-	-	2.1	2.1	2.1	2.1
Construction in progress	-	1.6	0.1	0.1	0.1	1.7
Total	10.1	8.9	2.2	2.2	12.3	11.1
Accumulated depreciation	(3.4)	(3.0)	(1.4)	(1.3)	(4.8)	(4.3)
Capital assets, net of accumulated depreciation	$ 6.7	$ 5.9	$ 0.8	$ 0.9	$ 7.5	$ 6.8

This year's major additions included (in millions)	
Vehicles	0.2
Streets and sidewalks (including (construction in progress)	1.0
Total	$ 1.2

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt and Long-term Liabilities

At year-end, the City had minimal outstanding fixed debt. Other long-term liabilities represent accrued compensated absences for employees.

Table 4
Outstanding Long-Term Liabilities at Year-End (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Accrued compensated absences	$ 0.2	$ 0.2	$ -	$ -	$ 0.2	$ 0.2
Total	$ 0.2	$ 0.2	$ -	$ -	$ 0.2	$ 0.2

ECONOMIC FACTORS

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates, and fees. One of those factors is the general economy. A second factor is the County's increasing population.

The City of Ranson is optimistic about its potential for economic growth in the future. The increasing population, infrastructure improvements, annexation, and procurement of grants and other funding sources are all positive indicators for continued economic growth in the City of Ranson.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money its receives. If you have questions about this report or need additional financial information, contact the Director of Finance at City Hall 312 S. Mildred Street, Ranson, West Virginia.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Building Commission	Visitors and Convention Bureau	Parks & Recreation
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	$ 7,912,079	$ 280,810	$ 8,192,889	$ 18,097	$ 327,611	$ 171,200
Accounts Receivable	74,225	273,596	347,821	-	-	-
Taxes Receivable	926,111	-	926,111	-	-	-
Grants Receivable	10,658	-	10,658	-	-	-
Due from Associated Entities	-	-	-	-	205,512	189,555
Internal Balances	46,306	(46,306)	-	-	-	-
Noncurrent Assets:						
Restricted Assets:						
Regular Account	14,459	-	14,459	54,694	-	-
Land	778,466	-	778,466	137,000	-	-
Land Improvements	-	-	-	-	-	18,229
Construction in Progress	15,010	45,671	60,681	-	-	-
Depreciable:						
Buildings	-	-	-	122,000	-	43,416
Structures and Improvements	-	-	-	1,493,116	-	-
Leasehold Improvements	837,270	-	837,270	-	-	-
Streets	5,468,712	-	5,468,712	-	-	-
Utility Plant Inservice	-	2,106,006	2,106,006	-	-	-
Machinery and Equipment	2,981,797	-	2,981,797	-	8,986	104,888
Less: Accumulated Depreciation	(3,402,221)	(1,332,329)	(4,734,550)	(454,277)	(7,558)	(61,563)
Total Assets	$ 15,662,872	$ 1,327,448	$ 16,990,320	$1,370,630	$ 534,551	$ 465,725
LIABILITIES:						
Current Liabilities:						
Accounts Payable	$ 85,831	$ 51,146	$ 136,977	$ -	$ 2,241	$ 3,290
Other Accrued Expense	87,270	13,258	100,528	1,343	1,774	2,903
Deferred Rent Revenue	-	-	-	18,016	-	-
Development Bonds Held	14,459	-	14,459	-	-	-
Due to Associated Entities	395,067	-	395,067	-	-	-
Noncurrent Liabilities Due within One Year:						
Bonds Payable	-	-	-	180,473	-	-
Leases Payable	-	15,651	15,651	-	-	-
Noncurrent Liabilities Due in More than One Year:						
Accrued Expenses	162,448	12,695	175,143	-	1,832	5,232
Bonds Payable	-	-	-	994,467	-	-
Leases Payable	-	15,966	15,966	-	-	-
Total Liabilities	$ 745,075	$ 108,716	$ 853,791	$1,194,299	$ 5,847	$ 11,425
NET POSITION:						
Net Investment in Capital Assets	$ 6,679,034	$ 787,731	$ 7,466,765	$ 122,899	$ 1,428	$ 104,970
Restricted for Construction	-	-	-	54,694	-	-
Unrestricted	8,238,763	431,001	8,669,764	(1,262)	527,276	349,330
Total Net Position	$ 14,917,797	$ 1,218,732	$ 16,136,529	$ 176,331	$ 528,704	$ 454,300

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Parks & Recreation	Component Units: Convention & Visitors Bureau	Component Units: Building Commission
Primary Government:										
Governmental Activities:										
General Government	$ 1,645,654	$ 301,596	$ -	$ -	$ (1,344,058)	$ -	$ (1,344,058)	$ -	$ -	$ -
Public Safety	1,556,242	280,397	40,333	20,654	(1,214,858)	-	(1,214,858)	-	-	-
Streets and Transportation	1,055,668	-	11,253	-	(1,044,415)	-	(1,044,415)	-	-	-
Health and Sanitation	437,229	468,388	-	-	31,159	-	31,159	-	-	-
Culture and Recreation	447,672	-	-	-	(447,672)	-	(447,672)	-	-	-
Total Governmental Activities	5,142,465	1,050,381	51,586	20,654	(4,019,844)	-	(4,019,844)	-	-	-
Business-type Activities:										
Sewer	1,196,277	1,278,553	-	(1,127)	-	81,149	81,149	-	-	-
Total Business-type Activities	1,196,277	1,278,553	-	(1,127)	-	81,149	81,149	-	-	-
Total Primary Government	$ 6,338,742	$ 2,328,934	$ 51,586	$ 19,527	(4,019,844)	81,149	(3,938,695)	-	-	-
COMPONENT UNITS										
Building Commission	$ 80,217	$ 216,188	$ -	$ -				135,971	-	-
Convention and Visitors Bureau	183,535	231,125	11,551	-				-	59,141	-
Parks and Recreation	225,018	265,632	-	-				-	-	40,614
Total Component Units	$ 488,770	$ 712,945	$ 11,551	$ -				135,971	59,141	40,614
General revenues:										
Taxes:										
Property Taxes, Levied for General Purposes					1,071,542	-	1,071,542	-	-	-
Business and Occupation Tax					1,542,470	-	1,542,470	-	-	-
Sales Tax					1,317,201	-	1,317,201	-	-	-
Alcoholic Beverage Tax					130,650	-	130,650	-	-	-
Utility Services Tax					146,098	-	146,098	-	-	-
Hotel/Motel Tax					445,636	-	445,636	-	-	-
Other Taxes					7,494	-	7,494	-	-	-
Miscellaneous					84,898	-	84,898	-	-	-
Developer Fees					10,350	-	10,350	-	-	-
Interest Income					8,031	1,054	9,085	50	-	-
Video Lottery/Table Gaming					975,151	-	975,151	-	-	-
Total General Revenues					5,739,521	1,054	5,740,575	50	-	-
Change in Net Position					1,719,677	82,203	1,801,880	136,021	59,141	40,614
Total Net Position at Beginning of Year					13,198,120	1,136,529	14,334,649	40,310	469,563	413,686
Total Net Position at End of Year					$ 14,917,797	$ 1,218,732	$ 16,136,529	$ 176,331	$ 528,704	$ 454,300

The notes to the basic financial statements are an integral part of this statement

CITY OF RANSON, WEST VIRGINIA
Balance Sheet - Governmental Funds
June 30, 2017

	General	Coal Severance Tax	Capital Improvement	Sales Tax Fund	Totals
ASSETS					
Cash	$ 2,527,615	$ 194,693	$ 4,340,068	$ 849,703	$ 7,912,079
Restricted cash	-	-	14,459	-	14,459
Receivables, Net of Allowances:					
Taxes	580,966	-	-	345,145	926,111
Accounts	38,935	3,770	31,520	-	74,225
Grants	10,658	-	-	-	10,658
Due from Other Funds/Associated Entities	65,800	-	-	-	65,800
Total Assets	$ 3,223,974	$ 198,463	$ 4,386,047	$ 1,194,848	$ 9,003,332
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 83,631	$ -	$ 2,200	$ -	$ 85,831
Development Bonds Held	-	-	14,459	-	14,459
Due to Other Funds/Associated Entities	395,067	-	19,494	-	414,561
Other Accrued Expenses	87,270	-	-	-	87,270
Total Liabilities	565,968	-	36,153	-	602,121
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	68,576	-	-	-	68,576
Total Deferred Inflows of Resources	68,576	-	-	-	68,576
Fund Balances					
Committed	-	-	4,349,894	1,194,848	5,544,742
Assigned	2,589,430	198,463	-	-	2,787,893
Total Fund Balances	2,589,430	198,463	4,349,894	1,194,848	8,332,635
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,223,974	$ 198,463	$ 4,386,047	$ 1,194,848	$ 9,003,332

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Reconciliation of the Balance Sheet - Governmental Funds to
the Statement of Net Position
June 30, 2017

Total Governmental Fund Balances	$	8,332,635
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,679,034
Other long-term assets are not available to pay current period expenditures and therefore, are deferred inflows of resources in the funds.		68,576
Long-Term Liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds.		(162,448)
Net Position of Governmental Activities	$	14,917,797

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Coal Severance Tax	Capital Improvements	Sales Tax	Total Governmental Funds
REVENUES:					
Taxes:					
Taxes (Including Interest and Penalties)	$ 3,350,403	$ -	$ -	$ 1,317,201	$ 4,667,604
Licenses, Permits and Miscellaneous Fees	151,962	-	-	-	151,962
Intergovernmental:					
Federal	60,987	-	-	-	60,987
State	-	11,253	-	-	11,253
Charges for Services	468,388	-	-	-	468,388
Fines and Forfeits	280,397	-	-	-	280,397
Developer Fees	-	-	10,350	-	10,350
Franchise Fees	61,051	-	-	-	61,051
Interest	5,988	190	1,780	73	8,031
Video Lottery/Table Gaming	-	-	975,151	-	975,151
Contributions from Other Entities	27,872	-	-	-	27,872
Charges to Other Funds	88,583	-	-	-	88,583
Miscellaneous	56,009	-	1,017	-	57,026
Total Revenues	4,551,640	11,443	988,298	1,317,274	6,868,655
					-
EXPENDITURES					-
General Government	1,531,436	-	83,883	-	1,615,319
Public Safety	1,461,445	-	148,523	-	1,609,968
Streets and Transportation	815,832	-	1,062,918	-	1,878,750
Health and Sanitation	437,229	-	-	-	437,229
Culture and Recreation	422,112	-	-	-	422,112
					-
Total Expenditures	4,668,054	-	1,295,324	-	5,963,378
					-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,414)	11,443	(307,026)	1,317,274	905,277
					-
Other Financing Sources (Uses):					-
Transfers in	900,000	-	1,695,970	-	2,595,970
Transfers out	(1,695,970)	-	(50,000)	(850,000)	(2,595,970)
					-
Total Other Financing Sources (Uses)	(795,970)	-	1,645,970	(850,000)	-
					-
Net Change in Fund Balance	(912,384)	11,443	1,338,944	467,274	905,277
Fund Balance at Beginning of Year	3,501,814	187,020	3,010,950	727,574	7,427,358
Fund Balance at End of Year	$ 2,589,430	$ 198,463	$ 4,349,894	$ 1,194,848	$ 8,332,635

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 905,277
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which Capital asset addtions exceeded depreciation in the current period.		
Capital Asset Additions	1,256,691	
Current year Depreciation	(430,117)	
Total		826,574
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(6,513)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in Compensated Absences		(5,661)
Net Change in Net Position of Governmental Activities		$ 1,719,677

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	$ 1,019,318	$ 1,019,318	$ 1,078,055	$ 58,737
Business & Occupation Tax	1,500,000	1,500,000	1,542,470	42,470
Alcoholic Beverage Tax	100,000	100,000	130,650	30,650
Other Taxes	6,000	6,000	7,494	1,494
Hotel Occupancy Tax	300,000	400,000	445,636	45,636
Utility Service Tax	160,000	160,000	146,098	(13,902)
Licenses, Permits and Miscellaneous	83,000	83,000	151,962	68,962
Federal Revenues	61,000	61,000	60,987	(13)
Charges for Services	380,000	380,000	468,388	88,388
Fines and Forfeitures	220,400	220,400	280,397	59,997
Interest Earnings	5,000	5,000	5,988	988
Franchise Fees	20,000	20,000	61,051	41,051
Reimbursements	22,836	25,296	27,872	2,576
Charges to Other Funds	200,000	200,000	88,583	(111,417)
Miscellaneous	81,925	81,925	56,009	(25,916)
Total Revenues	4,159,479	4,261,939	4,551,640	289,701
Expenditures:				
Current:				
General Government	1,921,666	1,987,066	1,531,436	455,630
Public Safety	1,502,900	1,540,360	1,461,445	78,915
Streets and Transportation	904,913	960,321	815,832	144,489
Health and Sanitation	380,000	400,000	437,229	(37,229)
Culture and Recreation	300,000	400,000	422,122	(22,122)
Total Expenditures	5,009,479	5,287,747	4,668,064	619,683
Excess (Deficiency) of Revenues Under (Over) Expenditures	(850,000)	(1,025,808)	(116,424)	909,384
Other Financial Sources (uses):				
Transfers in	850,000	850,000	900,000	50,000
Transfers out	-	(1,498,238)	(1,695,970)	(197,732)
Net Change in Fund Balance	-	(1,674,046)	(912,394)	761,652
Fund Balance at Beginning of Year	-	1,674,046	3,501,814	1,827,768
Fund Balance at End of Year	$ -	$ -	$ 2,589,420	$ 2,589,420

The notes to the basic financial statements are an integral part of this schedule.

CITY OF RANSON, WEST VIRGINIA
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Coal Severance Tax Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Modified Accrual Basis	Variance with Final Budget
Revenues:				
Coal Severance Tax	$ 6,000	$ 6,000	$ 11,253	$ 5,253
Interest Income			190	190
Total Revenues	6,000	6,000	11,443	5,443
Expenditures:				
Streets and Transportation	6,000	182,554	-	182,554
Total Expenditures	6,000	182,554	-	182,554
Net Change in Fund Balance	-	(176,554)	11,443	187,997
Fund Balance at Beginning of Year	-	176,554	187,020	10,466
Fund Balance at End of Year	$ -	$ -	$ 198,463	$ 198,463

The notes to the basic financial statements are an integral part of this schedule.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business-Type Activities Enterprise Funds	
		Sewer
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	280,810
Accounts Receivable-Net		273,596
Capital Assets:		
Construction in Progress		45,671
Depreciable:		
Utility Plant in Service		2,106,006
Less: Accumulated Depreciation		(1,332,329)
Total Assets	$	1,373,754
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$	51,146
Accrued Expenses		12,993
Accrued Interest		265
Due to General Fund		46,306
Leases Payable - Due within One Year		15,651
Noncurrent Liabilities:		
Accrued Compensated Absences		12,695
Leases Payable - Due in More than One Year		15,966
Total Liabilities	$	155,022
NET POSITION:		
Net Investment in Capital Assets	$	787,731
Unrestricted		431,001
Total Net Position	$	1,218,732

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
for the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Funds
	Sewer
OPERATING REVENUES:	
Sales and Services to Customers	$ 1,278,553
Total Operating Revenues	1,278,553
OPERATING EXPENSES:	
Collection	62,248
Pumping	161,760
Treatment and Disposal	647,630
Billing and Accounting	105,797
Administrative and General	145,641
Taxes	20,863
Depreciation and Amortization	51,523
Total Operating Expenses	1,195,462
OPERATING INCOME	83,091
NON-OPERATING REVENUES (EXPENSES)	
Investment Interest Earned	1,054
Interest and Fiscal Charges	(815)
Total Nonoperating Revenues (Expenses)	239
Income before Operating Transfers and Contributions	83,330
Capital Contributions	(1,127)
Change in Net Position	82,203
Net Position - Beginning	1,136,529
Net Position - Ending	$ 1,218,732

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Funds
	Sewer
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 1,242,077
Cash Paid for Goods and Services	(1,133,531)
Cash Paid for Taxes Other than Income Taxes	(20,863)
Net Cash Provided by Operating Activities	87,683
Cash Flows from Noncapital Financing Activities:	
Interest Received	1,054
Advances from (to) General Fund	26,789
Net Cash Provided by Noncapital Financing Activities	27,843
Cash Flows Used by Capital and Related Financing Activities:	
Purchases and Construction of Capital Assets	(16,103)
Payments on Lease Payable	(15,343)
Collection of Capacity Improvement/Development Fund	6,762
Payment of Capacity Improvement/Developer Fees	(7,889)
Interest Paid on Capital Lease	(943)
Net Cash Used by Capital and Related Financing Activities	(33,516)
Net Increase in Cash and Equivalents	82,010
Cash and Equivalents, Beginning of Year	198,800
Cash and Equivalents, End of Year	$ 280,810
Net Cash Provided by Operating Activities:	
Operating Income	$ 83,091
Changes in Assets and Liabilities -	
Depreciation Expense	51,523
(Increase) Decrease in Accounts Receivable	(36,476)
Increase (Decrease) in Accrued Expenses	(3,459)
Increase (Decrease) in Accounts Payable	(6,996)
Net Cash Provided by Operating Activities	$ 87,683

The notes to the basic financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ranson, West Virginia ("City") is a municipal corporation in which citizens elect the mayor at large and six council members. The City engages in a comprehensive range of services, including general government administration, public safety and administration of justice, street maintenance, sanitation services, sewer services, recreation, and cultural and historic activities.

The accounting policies and the presentation of the financial report of the City have been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB).

The City follows the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* for financial reporting. Certain significant components of the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- Fund financial statements that focus on major funds.

These financial statements present all fund types of the City and its discretely presented component units.

Individual Component Unit Disclosure

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The City had no blended component units as of and for the year ended June 30, 2017.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individual Component Unit Disclosure (continued)

The City of Ranson Building Commission is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Building Commission. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the Building Commission. Separate financial information can be obtained from the City of Ranson Building Commission.

The City of Ranson Convention and Visitor's Bureau is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Convention and Visitor's Bureau. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the City of Ranson Convention and Visitor's Bureau. Separate financial information can be obtained from the City of Ranson Convention and Visitor's Bureau.

The City of Ranson Parks and Recreation is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Parks and Recreation. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the City of Ranson Parks and Recreation. Separate financial information can be obtained from the City of Ranson Parks and Recreation.

Related Organizations

The City's officials are also responsible for appointing the members of the board of various organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments. The City is not financially accountable for the organizations to which these appointments are made.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Under this reporting model, the focus is on both the City as a whole and the fund financial statements, including the major funds of the governmental and business-type categories, as well as the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business- type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (h) are reflected in a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, highways and streets, sanitation, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, business and occupation taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. The program revenues must be directly associated with the function (general government, public safety, highways and streets, culture and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers for applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating - specific and discretionary (either operating or capital) grants while the capital grants column reflects capital - specific grants and contributions.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The emphasis in fund financial statements is on major funds in the governmental categories. Non-major funds by category are summarized into a single column, if applicable. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental categories combined) for the determination of major funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

City management may electively add funds as major funds, when it is determined the funds have specific community or management focus.

The following is a brief description of the specific funds used by the City:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General Fund

The general fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

Coal Severance Fund

The coal severance fund is a special revenue fund used to account for the receipts and expenditures from a coal severance tax collected by the sate and distributed to governmental entities throughout the state.

Capital Projects and Improvements Fund

The capital projects and improvements fund is used to account for receipts and expenditures related to capital projects and improvements throughout the city.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Sales Tax Fund

The sales tax fund is used to account for the receipts and disbursements of a local sales tax. These revenues are accumulated in the sales tax fund and transferred to the general fund to supplement general governmental operations.

Proprietary Funds

Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost of providing goods and services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The City's proprietary fund accounts for the operation of sewer activities.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus.

The statement of net position, statement of activities, and financial statements of the proprietary fund are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then the unrestricted resources as needed.

Budgets and Budgetary Accounting

All municipalities within West Virginia are required by statute to prepare annual budgets (levy estimates) on prescribed forms and submit these for approval to the State Tax Commissioner. These budgets are prepared in accordance with the following procedures:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. The governing body of the City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the City and to prepare the levy estimate (budget) for the fiscal year commencing July 1.

2. The budget is then forthwith submitted to the State Tax Commissioner for approval.

3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

The annual budget for the General Fund and Coal Severance Fund is prepared on a basis generally consistent with U.S. generally accepted accounting principles.

Revisions are authorized only with the prior written approval of the West Virginia State Auditor's office. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the City's Council and approved by the West Virginia State Auditor's office.

Encumbrances

Encumbrance accounting, under which purchase orders are issued but are not considered expenditures until liabilities for payments are incurred, is not employed as an extension of the formal budgetary process.

Customer Receivables

The City uses the reserve method of providing for possible losses in the collection of its accounts receivable. The sewer department allowance for doubtful accounts of $25,000 at June 30, 2017, is deemed adequate by management to provide for collection losses.

Inventories

The City considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the City's financial statements.

Restricted Cash

Restricted cash of the Primary Government consists of development bond funds that will be either refunded to the developers or expended as phases of the related development projects are completed. These funds had an outstanding balance of $14,459 at June 30, 2017.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash of the Building Commission consists of construction funds which are restricted by debt covenants to construction of city improvements. Restricted cash of the Building Commission amounted to $54,694 at June 30, 2017.

Capital Assets

Capital outlays are recorded as expenditures of the general and special revenue funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold of $5,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25 - 40 years
Improvements	10 - 40 years
Equipment/Software	3 - 10 years
Vehicles	5 years

To the extent that the City's capitalization threshold of $5,000 is met, capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25 - 40 years
Improvements	10 - 40 years
Utility Plant	10 - 50 years
Equipment	3 - 10 years
Vehicles	5 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and or balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no items that qualify for reporting in this category.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statements of net position and or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's only deferred inflow of resources is for unavailable property taxes as reported in the governmental funds balance sheet.

Capitalized Interest

The City capitalizes net interest costs as part of constructing various projects when material. There was no capitalized interest for the year ended June 30, 2017.

Compensated Absences

The City's policy is to permit employees to accumulate earned but unused vacation benefits. The City fully recognizes the liability related to compensated absences in the government-wide financial statements and proprietary fund financial statements.

Interfund/Associated Entity Charges

The City allocates to the Sewer Fund, the Parks and Recreation component unit, and the Convention and Visitor's Bureau component unit certain costs that are paid out of the general fund. These costs are billed on a periodic basis to the applicable fund or component units.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental/business type activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances within the following categories: Nonspendable fund balance, which includes amounts that cannot be spent because it is not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the City Council; assigned fund balance, which includes amounts intended to be used for specific purposes that are neither restricted or committed, however, assigned by non-formal action by City Council or finance department; and unassigned fund balance, which is the residual classification for amounts in the general fund that have not been classified within the other categories.

Net Position

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Statement of Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased are considered to be cash equivalents.

NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Statement 75) addresses accounting and financial reporting issues related to other postemployment benefits provided to employees of state and local government employers. Statement 75 will be effective for the City beginning with its fiscal year ending June 30, 2018.

NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS (continued)

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68, and 73 addresses certain issues that have been raised with respect to Statements No. 67, 68, and 73. Statement 82 will be effective for the City for fiscal year ending June 30, 2018

NOTE 3: PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed.

All current taxes assessed on real and personal property may be paid in two installments: the first installment is payable on September first of the year for which the assessment is made and becomes delinquent on October first: the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are due, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

All municipalities within the state are authorized to levy taxes not in excess of the maximum levies per $100 of assessed valuation. In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City per $100 of assessed valuation for each class of property for the year ended June 30, 2017, were as follows:

Class of Property	Assessed Valuations for Tax Purposes	Current Expense
Class I	$ -	12.26 cents
Class II	$ 116,596,730	24.52 cents
Class IV	$ 168,834,414	49.04 cents

NOTE 4: CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments represent amounts being held at banks and consist of the following accounts and amounts at June 30, 2017:

	Primary Government	Component Units
Unrestricted accounts		
Bank accounts	$ 8,192,889	$ 434,287
Total unrestricted accounts	$ 8,192,889	$ 434,287
Restricted accounts		
Development bond funds	$ 14,459	$ - 0
Construction fund	-	54,694
Total restricted accounts	$ 14,459	$ 54,694

Municipalities are authorized by statute to provide excess funds to the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

The market value of the above cash and temporary investments approximates cost at June 30, 2017.

NOTE 5: COLLATERALIZATION OF DEPOSITS

The City maintains its cash accounts at two financial institutions. City deposits held by financial institutions are insured up to $250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2017, the carrying amount of the City deposits was $8,778,950 and the bank balance was $8,917,960. The bank balance in excess of FDIC insurance of $8,613,266 was collateralized with securities held by the financial institution.

NOTE 6: INTERNAL BALANCES, INTERFUND TRANSFERS AND DUE TO/FROM ASSOCIATED ENTITIES

The composition of internal balances as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sewer	$ 46,306
General	Capital Improvement	19,494
Total		$ 65,800

This balance represents timing differences due to routine advances between the City's General Fund and Sewer Fund. Internal receivables and payables are expected to be substantially extinguished on a quarterly basis.

Interfund transfers for the year ended June 30, 2017 are as follows:

Transferor Fund	Transferee Fund	Amount
Sales Tax	General	$ 850,000
Capital Improvement	General	50,000
General	Capital Improvement	1,695,970
Total		$ 2,595,970

The sales tax fund transfers to the general fund were made to help fund the operations of the general fund. General fund transfers made to the capital projects/improvement fund were to fund anticipated capital projects.

Amounts due to/from associated entities at June 30, 2017 are as follows:

Due To	Due From	Amount
Convention and Visitors Bureau	General	$ 205,512
Parks and Recreation	General	189,555
Total		$ 395,067

The associated entity balances were extinguished during the year ending June 30, 2017.

NOTE 7: CHANGES IN CAPITAL ASSETS

The following is a summary of the changes in governmental and business-type capital assets:

	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 778,466	$ -	$ -	$ 778,466
Construction in progress	1,648,134	749,693	(2,382,817)	15,010
Total capital assets not being depreciated	2,426,600	749,693	2,382,817	793,476
Capital assets being depreciated:				
Leasehold improvements	837,270	-	-	837,270
Roads	2,875,715	2,592,997	-	5,468,712
Equipment	1,142,850	49,377	-	1,192,227
Software	217,029	-	-	217,029
Vehicles	1,325,100	247,441	-	1,572,541
Total	6,397,964	2,889,815	-	9,287,779
Less: Accumulated depreciation	(2,972,104)	(430,117)	-	(3,402,221)
Capital assets being depreciated, net	3,425,860	2,459,698	-	5,885,558
Total governmental activities capital	$ 5,852,460	$ 3,209,391	$(2,382,817)	$ 6,679,034

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 89,804
Public safety	76,493
Streets & Transportation	238,260
Culture and recreation	25,560
Total governmental activities depreciation expense	$ 430,117

NOTE 7: CHANGES IN CAPITAL ASSETS (Continued)

	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	$ 39,413	$ 6,258	$ -	$ 45,671
Total capital assets not being depreciated	39,413	6,258	-	45,671
Capital assets being depreciated:				
Utility plant in service	2,096,161	9,845	-	2,106,006
Less:				
Accumulated depreciation	(1,280,806)	(51,523)	-	(1,332,329)
Capital assets being depreciated,	815,355	(41,678)	-	773,677
Total business-type activities capital	$ 854,768	$ (35,420)	$ -	$ 819,348

Depreciation was charged to functions as follows:

Business-type activities	
Sewer	$ 51,523
Total business-type activities depreciation expense	$ 51,523

NOTE 8: CAPITAL IMPROVEMENT FUND DEVELOPER BOND

The City obtained the proceeds of a developer bond in the amount of $288,904 which is to be utilized to complete certain phases of the Wild Rose development project. The City has expended $110,562 as of June 30, 2017. In addition, the City requires certain developer bonds to assure that projects are completed in accordance with City policies and procedures. These bonds are refunded upon completion of satisfactory project construction. Total outstanding developer bonds amounted to $14,459 at June 30, 2017.

NOTE 9: LONG-TERM DEBT

Lease Revenue Bond Payable Ranson Building Commission (Component Unit)

Series 2008 City of Ranson Building Commission Lease Revenue Improvement and Refunding Bonds in the original amount of $2,500,000 with an outstanding balance of $1,174,940 at June 30, 2017. The bond bears interest at 3.2684% and matures 2023.

Scheduled maturities of the bonds for years succeeding June 30, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 180,473	$ 35,714	$ 216,187
2019	186,461	29,726	216,187
2020	192,648	23,539	216,187
2021	199,039	17,148	216,187
2022	205,643	10,544	216,187
2023	210,676	3,722	214,398
Total	$ 1,174,940	$ 120,393	$ 1,295,333

Bond debt service is payable solely from lease rental payments pursuant to an agreement and lease between the Building Commission and the City. Lease rentals are subject to annual appropriation by the City. The bonds are secured by a lease assignment and deed of trust.

Changes in the Building Commission long-term debt for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017	Due Within One Year
2008 Bond	$ 1,349,014	$ -	$174,074	$ 1,174,940	$180,473

NOTE 10: LEASE AGREEMENTS

Operating Lease

The City and the Building Commission entered into Leases whereby the City leases from the Building Commission certain improved real estate in consideration for the issuance by the Building Commission of Lease Revenue Bonds.

The lease term corresponds to the related bond terms. The City has pledged to pay lease rentals to the Building Commission consisting of amounts sufficient to promptly pay principal and interest due on the Building Commission's Lease Revenue Bonds, Series 2008. The City is responsible for all operation and maintenance costs associated with the leased property.

Capital Lease

The City of Ranson Sewer Department leases a backhoe under a capital lease expiring January 23, 2019. The lease was entered into on January 23, 2014, and requires annual lease payments of $16,287. The assets and liabilities under the capital lease are recorded at the present value of the minimum lease payments, which amounts to $76,745.

The lease obligation is secured by the leased equipment. Depreciation of assets under capital lease is included in depreciation expense for the year ended June 30, 2017.

Estimated minimum future lease payments under the capital lease as of June 30, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 15,651	$ 636	$ 16,287
2019	15,966	321	16,287
Total	$ 31,617	$ 957	$ 32,574

NOTE 11: EMPLOYEES' RETIREMENT SYSTEM

The City has established a combined 401/457 retirement plan. All full time employees are eligible to participate in the plan. The City makes a contribution to the plan equal to 5% of eligible employee compensation. In addition, the City matches employee contributions to the plan up to 5% of eligible compensation. The City's contributions for the years ended June 30, 2017, 2016, and 2015 amounted to $157,246, $148,077, and $137,755, respectively.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Litigation

The City is routinely a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City, when considered in relation to insurance coverage in force.

Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Fairfax Boulevard Improvement Project

The City is a participant in an intergovernmental project to construct improvements to Fairfax Boulevard. Phase 1 construction was completed in March 2017. The City has incurred $2,382,817 of Phase 1 construction costs and the improvements have been placed into service as of March 29, 2017. The City is currently in the design stage of Phase 2 of the project.

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries umbrella (general liability) insurance for these various risks.

The City provides insurance coverage to employees for job-related injuries through Brickstreet Mutual Insurance Company and offers health insurance to all eligible employees through Public Employees Insurance Agency (PEIA).

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 14: CUSTOMER ADVANCES FOR CONSTRUCTION

Certain customers of City sewer service routinely advance and contribute funds to offset the costs of construction of sewer utility plant. Certain customer assessments are passed-through to a developer in consideration for the developer's construction of a sewer pumping station.

NOTE 15: FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balance	General	Coal Severance	Capital Improvement	Sales Tax
Committed for:				
Capital outlays/debt service on capital projects	$ -	$ -	$ 4,349,894	$ 1,194,848
Assigned for:				
Carryover in fiscal year June 30, 2018 budget	2,589,430	-	-	-
Streets and transportation operations/capital	-	198,463	-	-
Total fund balance	$ 2,589,430	$198,463	$ 4,349,894	$ 1,194,848

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated all subsequent events through April 6, 2017, the date the financial statements were available to be issued. In FY 2018, the City will be constructing highways and water and sewer lines as part of a project to bring in a manufacturing business. This project was approved by the state of West Virginia and all monies for the project will be provided by the State.

ACCOMPANYING INFORMATION

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Ranson
Jefferson County, West Virginia
312 South Mildred Street
Ranson, West Virginia 25438

To the Mayor and Members of Council:

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 governmental activities, business-type activities, each major fund, and the discretely presented component units of the City of Ranson, Jefferson County, West Virginia (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 6, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City'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 City's internal control. Accordingly, we have not opined on it.

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 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 City'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did identify a deficiency in internal control that we consider a material weakness and is reported in the Schedule of Findings as Item 2017-001.

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Compliance and Other Matters

As part of reasonably assuring whether the City'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*.

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 City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Huntington, West Virginia
April 6, 2018

City of Ranson
Jefferson County, West Virginia
Schedule of Findings and Responses
June 30, 2017

Findings Related to the Financial Statements Required
To be Reported in Accordance with GAGAS

FINDING NUMBER 2017-001

Material Weakness – Reconciliation of Bank Accounts

The City of Ranson failed to reconcile its bank accounts until well after the year end.

Proper internal control procedures dictate that bank account activity be monitored and the accounts reconciled on a monthly basis. Failure to timely reconcile the bank accounts could allow errors and/or irregularities to go undetected without the knowledge of the Mayor and the Council.

The City of Ranson has adequate personnel to allow for the timely reconciliation of the bank accounts and a review of all activity within. We recommend that each bank account be reviewed and reconciled monthly.

Officials Response:

The City has implemented procedures to reconcile its bank accounts in a timely manner.

City of Ranson
Jefferson County, West Virginia
Schedule of Prior Audit Findings
June 30, 2017

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Material Weakness – Reconciliation of Bank Accounts	No	Reissued as Item 2017-001

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

FOR FISCAL YEAR ENDED JUNE 30, 2017

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

FINANCIAL STATEMENTS

For the years ended June 30, 2017 and June 30, 2016

CoxHollida &Professionals

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CoxHollida &Professionals

INDEPENDENT AUDITORS' REPORT

The Members of the Public Service Board
Jefferson County Public Service District

Report on the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

We have audited the accompanying financial statements of the business-type activities of Jefferson County Public Service District ("District") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Jefferson County Public Service District, as of June 30, 2017, and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employees' retirement system information, and budgetary comparison information on pages 5-10, 42-43, and 45-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of operating expenses, for the water department and sewer department are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of operating expenses, for the water and sewer departments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expenses, for the water and sewer departments are 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, October 11, 2017, on our consideration of Jefferson County Public Service District'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 District's internal control over financial reporting and compliance.

Cox Hollida & Professionals PLLC

Martinsburg, West Virginia

October 11, 2017

Jefferson County Public Service District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2017

The management of Jefferson County Public Service District provides the following information as an introduction, overview and analysis of the District's financial statements for the year ended June 30, 2017. Readers should also review the basic financial statements that begin on page 10 to further enhance their understanding of the District's financial performance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This annual report consists of four parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information and supplementary information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Financial Statements

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The Balance Sheet includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?", "for what was cashed used?", and "what was the change in cash balance during the reporting period?"

The notes to the basic financial statements provide additional and explanatory data. They are an integral part of the basic financial statements.

Financial Analysis of the District as a Whole

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Balance Sheet, the Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows report information about the District's activities in a way that will help answer this question. These statements report the net assets of the District and changes in them. You can think of the District's net position- the difference between assets and liabilities- as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, political leaders, and new or changed legislation.

The net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, at various times, the District receives infrastructure improvements from a developer and in return takes over these assets and maintains them. The District either puts in or has a developer put in the infrastructure, and pays for it through a developer contribution, current operations or by an issuance of a bond. These assets are reflected as an asset on the District's books and are depreciated over the estimated life of the assets.

Below are highlights of the financial statements:

	2017	2016
Unrestricted cash	$ 365,045	$ 191,544
Restricted cash	1,522,122	1,496,310
Other assets	1,992,251	1,766,260
Deferred outflows	415,816	415,415
Capital assets	14,332,525	13,829,719
Total assets & deferred outflows	$ 18,627,759	$ 17,699,248
Current and other liabilities	$ 998,533	$ 786,013
Long-term liabilities	7,384,429	7,567,221
Deferred inflows	17,616	128,517
Total Liabilities & Deferred Inflows	$ 8,400,578	$ 8,481,751
Invested in assets, net of debt	8,759,481	7,819,322
Restricted net position	1,344,688	1,333,392
Unrestricted net position	123,012	64,782
Total net position	$ 10,227,181	$ 9,217,497

Revenues	2017	2016
Sales to customers	$ 3,045,533	$ 2,930,936
Grant revenue	-	39,183
Other	191,612	182,852
Total revenue	3,237,011	3,152,971
Expenses		
Operating	2,417,529	2,258,064
Dropped projects	133,260	4,986
Disposal of assets	-	7,980
Depreciation and amortization	532,217	522,828
Interest expense	154,005	150,487
Bond issue costs	-	22,297
Total expenses	3,237,011	2,966,642
Net income before capital contributions	134	186,329
Capital contributions	1,009,551	227,604
Change in net position	$ 1,009,685	$ 413,933

In 2016, the District implemented a sewer rate increase to be in compliance with SB 234 requirements and provide sufficient revenues for issuance of the 2015 project soft costs loan in the amount of $660,000.

Unrestricted cash increased by $173k because of the additional revenue collected for the SB 234 requirements. Other assets increased by $226k which consist of capitalization of soft costs associated with the sewer project. Net Capital assets increased 503k because of capitalization of sewer project expenses. Total assets increased 928k mainly because of the 1 mil contribution of sewer facilities from the developer of Aspen Greens. Current and other liabilities are up net $212k which is the mainly from the Sewer Transmission Project payables that are now due and the District has been invoiced as of 6/30/17.

The total net position increased about $1 million between 2017 and 2016. The majority of the change is due to the sewer rate and capacity improvement rate increases and developer contributions. Operating expenses increased $159k which is 7.06% over the prior year.

In fiscal year 2017, the District realized a loss of over $100k and removed the Old Standard project from the books.

District staff work diligently to collect all amounts owed to the District. In both fiscal years 2017 and 2016, bad debt was less than 0.6% of sales to customers.

Budgetary Highlights

Over the course of the year, the District approved an amendment to the Sewer Department budget mid-year to adjust specific line items that were over-budget or under-budget overall. In the Water Department, the District made the necessary 115% debt coverage because of the rate increase approved this year by the PSC Case # 16-0701-PWD-19A. The rate case was also needed to comply with SB 234 which requires that the utility maintain a reserve of 1/8 of its operating expenses from the prior year.

Capital Assets and Debt Administration

Many debt obligations require debt coverage (revenues over operating expenses) to be more than 115% of the debt obligation. For the current fiscal year debt coverage was 168%

Sewer Debt Service Exhibit	June 30,				
	2013	2014	2015	2016	2017
Gross revenues	$2,240,124	$2,547,526	$ 2,655,108	$ 3,036,051	$3,137,574
Operating expenses	(1,677,574)	(2,015,149)	(2,118,215)	(2,205,980)	(2,313,254)
Available for debt Service	582,550	523,377	536,893	830,071	824,320
Highest debt service	473,130	462,933	463,582	519,744	519,744
Debt service coverage	119%	115%	116%	160%	158%
Amounts available to Repair Replace the system	$ 89,420	$ 69,444	$ 78,406	$ 82,036	$110,152

Water Debt Service Exhibit	June 30,	
	2016	2017
Gross revenues	$ 77,886	$99,571
Operating expenses	(52,084)	(54,360)
Available for debt Service	25,802	45,205
Highest debt service	35,391	35,391
Debt service coverage	73%	128%
Amounts available to repair Replace the system	$ -	$ 767

At the end of the current fiscal year, the District's Sewer and Water Departments had outstanding revenue bonds of $6,296,407 and $931,838, respectively.

Economic Factors

The District began to experience a slowdown in new service customer connections in 2008. Management attributes much of the decline to the overall national slump in the housing industry. The District expects that the residential sector will continue to slowly increase as the economy improves. Overall, the District expects growth in new service customer connections and equivalent domestic units (EDU). This year alone the District had 60 new connections which equated to an addition of 67 EDUs. With the addition of Home Suites this year, we now serve three hotels.

The District believes that the fundamentals of location and cost in Jefferson County remain favorable for economic development and expect that the District's commitment to providing readily available services will position the community for continuing economic recovery.

The District will continue to operate under an interstate environmental compact that commits West Virginia to play a role restoring water quality in the Chesapeake Bay. The new operating environment will require that the District and our municipal partners in the City of Ranson and the City of Charles Town find and implement solutions for these emerging regulatory challenges. The District expects to see increased operating and capital costs in the future associated with regulatory compliance.

As we noted in 2015:
"With the closing of the Flowing Springs Waste Water Treatment Plant Project in 2014, the District expensed $2.8 million of engineering, legal, accounting and management costs last year. These costs may have a future value as in FY 2016 the District applied to West Virginia Infrastructure and Jobs Development Council (IJDC) for the collection system upgrades that were associated with the Flowing Springs Wastewater Treatment Plant . On June 5, 2015 the District received notification of preliminary approval for this project which is IJDC project # 2014S-1538, The loan package suggested for this project, included in this preliminary approval is for a Rural Utility Service Loan (4%, 40 years) - $3,575,000 and a Clean Water State Revolving Fund loan (0%, .5% Administrative Fee, 40 years)- $3,575,000 for a total project cost of $7,150,000. "

In 2016, the project was filed with the WV PSC in case PSD-16-0616-PSD-PC-CN. The project costs were reduced by approximately $364,000 due to some design changes. On March 23, 2017, the WV Public Service District approved the project. That approval was challenged and the WV Supreme Court ruled that the WV Public Service Commission had properly deemed that the project was necessary and convenient as they had ruled. The same intervenor asked the WV Supreme Court to reconsider their ruling and they declined, again holding up the decision of the WV Public Service Commission. The District now has letters for commitment of funds from USDA and from WV DEP for SRF funds, and a $500,000 grant for the project. Approved funding has the following terms; From USDA, a 2.5% interest loan for $3,575,000 for 40 years, from WV DEP, a 0.5% interest loan for $2,844,984 for 40 years and a $500,000 Green Grant that does not have to be paid back."

The County Commission of Jefferson County now has three new members who want to sell the assets of the District to the City of Charles Town. The District Board has not agreed to this sale so the District is moving forward with the administrative portions of the project while we wait for approval to go to bid. The District had already spent well over $800,000 in project related costs based upon the design contemplated in the Facility Plan.

The final order in WV PSC case #15-1338-PSD-42R-PC, was issued on March 23, 2017. In this order the PSC reduced the amount of the Capacity Improvement Fee (CIF) the District had been collecting from $4,832 to $3,207. The amount of the reduction, $1,625, was the portion of the fee that the District had been collecting per our agreement with Ranson for use of their Flowing Springs Pump Station. Since Ranson withdrew from the agreement, the PSC removed their portion of this CIF fee from the District's collected fee of $4,832 even though District flows continue to use the Flowing Springs Pump Station. Now, out of the $3,207 collected for each Equivalent Dwelling Unit, (EDU), the District keeps $2,080 for District future capacity needs due to growth and the balance of $1127.00 is sent to Charles Town for their CIF. Capacity upgrades needed due to growth is the only purpose the money can be used and the District must get permission from the WV PSC to use these funds. The collected CIF money is kept in a separate bank account. Because the District had been collecting the fee since initiation of this case on August 13, 2015, there were 107 EDUs of CIFs collected so @ $1,625 / EDU we refunded $173,875 to those who had paid the CIFs.

One of the newer developments in the District's service area, Aspen Greens, has completed and turned over to the District, a 15" line as part of their offsite sewer system. This new line will become part of the new project that is mentioned above and will eventually serve numerous new developments. The Developer of Aspen Greens only needed an 8" line for his development but agreed to put the 15" line if the District agreed to pay the difference in the cost of materials only. The District paid $43,716 for this upgrade but it will save the District close to $1,000,000 in construction costs for this portion of the line during the construction of the project. The developer turned over this line to the District in June of 2017 and his contribution was $964,700 for a total value of $1,008,000. In addition to a sewer collection system, the District also has one small wastewater treatment plant that serves the residents of Deertield, a development of about 48 lots located in the North East area of Jefferson County. The plant is a recirculating sand filter plant and operates very well.

The District currently serves potable water to two small developments in Jefferson County, Cavaland, with about 40 customers and Glen Haven, with about 74 customers. These water systems were "given" to the District about 25 years ago and were installed by developer's who's main goal in constructing them, was to provide water service so they could sell homes. Unfortunately, since these installations were not their main priority, they didn't use the best of materials or standardized practices in installation. In 2014, the District attained about 50% loan and 50% grants to replace these systems through our IJDC application #2012-W-1331. This project cost was $2,000,000 and it is now completed. Our customers in these developments have now had their water rates increased approximately 40%. The bond payments associated with the project started in September of 2015. In 2017, the District was granted a rate increase for these customers to be able to meet debt service, operating expenses and SB 234.

Jefferson County Public Service District
STATEMENTS OF NET POSITION
June 30, 2017 and 2016

ASSETS

	Water Department	Sewer Department	**2017 Total**	2016 Memorandum Only Total
CURRENT ASSETS				
Cash	$ 4,223	$ 360,822	**$ 365,045**	$ 191,542
Accounts receivable, net of allowance for doubtful accounts of $10,000	1,676	71,263	**72,939**	75,196
Accounts receivable - other	-	16,182	**16,182**	16,682
Accrued utility revenue	4,555	255,030	**259,585**	266,903
Prepaid expenses and deposits	-	17,985	**17,985**	5,782
Total current assets	10,454	721,282	**731,736**	556,105
RESTRICTED CASH	15,431	1,506,691	**1,522,122**	1,496,310
CAPITAL ASSETS				
Land and land rights	36,142	1,059,785	**1,095,927**	1,095,927
Construction work in progress	-	29,068	**29,068**	90,391
Utility plant in service	2,277,208	18,216,067	**20,493,275**	19,441,704
Less accumulated depreciation	(161,871)	(7,123,874)	**(7,285,745)**	(6,798,301)
Net capital assets	2,151,479	12,181,046	**14,332,525**	13,829,721
OTHER ASSETS				
Future utility plant preliminary survey and design charges	222,656	816,650	**1,039,306**	770,608
Due from other funds	-	11,765	**11,765**	12,408
Other assets - capacity upgrades, net of accumulated amortization of $530,297 and $486,106, respectively	-	574,489	**574,489**	618,680
Total other assets	222,656	1,402,904	**1,625,560**	1,401,696
Total assets	2,400,020	15,811,923	**18,211,943**	17,283,832
DEFERRED OUTFLOWS				
Employer contributions to pension plan subsequent to measurement date	-	60,016	**60,016**	65,410
Changes in employer proportion and differences between contributions and proportionate share of contributions	-	130,149	**130,149**	103,684
Original issue discount, net of accumulated amortization of $3,490 and $2,909, respectively	-	6,546	**6,546**	7,127
Deferred loss on bond refinancing, net of accumulated amortization of $140,622 and $120,533, respectively	-	219,105	**219,105**	239,194
Total deferred outflows	-	415,816	**415,816**	415,415
Total assets and deferred outflows	$ 2,400,020	$ 16,227,739	**$ 18,627,759**	$ 17,699,247

The accompanying notes are an integral part of this statement.

Jefferson County Public Service District
STATEMENTS OF NET POSITION (Continued)
June 30, 2017 and 2016

LIABILITIES

	Water Department	Sewer Department	**2017 Total**	2016 Memorandum Only Total
CURRENT LIABILITIES (payable from current assets)				
Accounts payable	$ 15,562	$ 140,896	**$ 156,458**	$ 149,213
Accrued taxes and expenses	401	43,994	**44,395**	38,567
Total current liabilities (payable from current assets)	15,963	184,890	**200,853**	187,780
CURRENT LIABILITIES (payable from restricted cash)				
Revenue bonds payable (due within one year)	30,789	387,065	**417,854**	409,482
Construction payable	-	184,245	**184,245**	5,640
Accrued interest payable	-	18,147	**18,147**	20,193
Customer deposits	3,751	173,683	**177,434**	162,918
Total current liabilities (payable from restricted cash)	34,540	763,140	**797,680**	598,233
LONG-TERM LIABILITIES				
Due to other funds	11,765	-	**11,765**	12,368
OPEB obligation	-	203,524	**203,524**	193,755
Net pension liability	-	358,749	**358,749**	130,213
Revenue bonds payable	901,049	5,909,342	**6,810,391**	7,230,885
Total long-term liabilities	912,814	6,471,615	**7,384,429**	7,567,221
Total liabilities	963,317	7,419,645	**8,382,962**	8,353,234
DEFERRED INFLOWS				
Differences between projected and actual investment earnings	-	17,616	**17,616**	128,517
Total liabilities and deferred inflows	$ 963,317	$ 7,437,261	**$ 8,400,578**	$ 8,481,751

NET POSITION

NET POSITION				
Invested in capital assets, net of related debt	1,442,297	7,317,184	**8,759,481**	7,819,323
Restricted for debt and construction	11,680	1,333,008	**1,344,688**	1,333,392
Unrestricted	(17,274)	140,286	**123,012**	64,781
Total net position	1,436,703	8,790,478	**10,227,181**	9,217,496
Total liabilities, deferred inflows, and net position	$ 2,400,020	$ 16,227,739	**$ 18,627,759**	$ 17,699,247

The accompanying notes are an integral part of this statement.

Jefferson County Public Service District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2017 and 2016

	Water Department	Sewer Department	**2017 Total**	2016 Memorandum Only Total
OPERATING REVENUES				
Sales to general customers	$ 97,693	$ 2,947,840	**$ 3,045,533**	$ 2,930,937
Customers' forfeited discounts and penalties	1,649	61,734	**63,383**	62,816
Miscellaneous revenues	153	82,567	**82,720**	77,385
Total operating revenues	99,495	3,092,141	**3,191,636**	3,071,138
OPERATING REVENUE DEDUCTIONS BEFORE DEPRECIATION				
Operating expenses	54,366	2,363,163	**2,417,529**	2,258,064
Operating income before depreciation	45,129	728,978	**774,107**	813,074
DEPRECIATION	79,189	408,255	**487,444**	478,636
Operating income (loss)	(34,060)	320,723	**286,663**	334,438
NON-OPERATING INCOME (EXPENSE)				
Interest income	76	4,021	**4,097**	1,237
Grant revenue	-	-	**-**	39,183
Loss on disposal of assets	-	-	**-**	(7,980)
Interest expense	(4,755)	(149,250)	**(154,005)**	(150,487)
Amortization of and other assets-treatment plant upgrades	-	(44,773)	**(44,773)**	(44,192)
Bond issuance costs	-	-	**-**	(22,297)
Loss due to dropped projects	-	(133,260)	**(133,260)**	(4,986)
Miscellaneous non-operating revenues	-	41,412	**41,412**	41,412
Total non-operating income (expense)	(4,679)	(281,850)	**(286,529)**	(148,110)
(Decrease) Increase in net position before capital contributions	(38,739)	38,873	**134**	186,328
CAPITAL CONTRIBUTIONS	-	1,009,551	**1,009,551**	227,604
(Decrease) Increase in net position	(38,739)	1,048,424	**1,009,685**	413,932
Net position at beginning of year	1,475,442	7,742,054	**9,217,496**	8,803,564
Net position at end of year	$ 1,436,703	$ 8,790,478	**$ 10,227,181**	$ 9,217,496

The accompanying notes are an integral part of this statement.

Jefferson County Public Service District

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2017 and 2016

	Water Department	Sewer Department	2017 Total	2016 Memorandum Only Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 98,226	$ 3,103,485	**$ 3,201,711**	$ 3,043,384
Cash payments for employee services	-	(672,967)	**(672,967)**	(645,489)
Cash payments for goods and services	(53,644)	(1,584,256)	**(1,637,900)**	(1,769,585)
Net cash flows provided by operating activities	44,582	846,262	**890,844**	628,310
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	76	4,021	**4,097**	1,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Expenditures for utility plant and other assets	(6,000)	(40,543)	**(46,543)**	(166,151)
Expenditures for preliminary surveys	(1,500)	(201,303)	**(202,803)**	(434,063)
Increase in customer deposits	1,119	13,397	**14,516**	10,423
Net capital improvement fees collected	-	-	**-**	(2,254)
Proceeds from grants	-	-	**-**	39,183
Principal payment on debt - bond	(30,636)	(381,486)	**(412,122)**	(381,391)
Principal payment on debt - notes	-	-	**-**	(9,340)
Proceeds from debt - notes	-	-	**-**	660,000
Credits on treatment upgrade bonds and Other	-	41,412	**41,412**	41,412
Interest paid on bonds and notes	(4,755)	(130,626)	**(135,381)**	(129,717)
Contributions in aid of construction	-	45,295	**45,295**	227,604
Expenditures for debt issuance expenses	-	-	**-**	(22,297)
Net cash used in capital and related financing activities	(41,772)	(653,854)	**(695,626)**	(166,591)
Net increase in cash	2,886	196,429	**199,315**	462,956
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	16,768	1,671,084	**1,687,852**	1,224,896
CASH AND CASH EQUIVALENTS END OF YEAR	$ 19,654	$ 1,867,513	**$ 1,887,167**	$ 1,687,852
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ (34,060)	$ 320,723	**$ 286,663**	$ 334,438
Depreciation	79,189	408,255	**487,444**	478,636
Adjustments for changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	(1,269)	4,027	**2,758**	13,159
(Increase) decrease in prepaid expenses	-	(12,203)	**(12,203)**	-
(Increase) decrease in net pension outflows	-	96,564	**96,564**	(109,228)
(Increase) decrease in accrued utility revenue	-	7,318	**7,318**	(40,911)
(Increase) decrease due from other utility	(603)	643	**40**	(12,522)
Increase (decrease) in accounts payable	1,325	5,921	**7,246**	(54,133)
Increase (decrease) in accrued expenses	-	5,245	**5,245**	5,704
Increase (decrease) in other employee benefit obligation	-	9,769	**9,769**	13,167
Net cash provided by operating activities	$ 44,582	$ 846,262	**$ 890,844**	$ 628,310

The accompanying notes are an integral part of this statement.

GENERAL

Jefferson County Public Service District ("District") is a public corporation created by the Jefferson County Commission on December 1, 1983, for the purpose of operating a public utility by providing water and sewer services to customers in its franchise area in Jefferson County. The District is governed by a board of directors who are appointed by the Jefferson County Commission.

The territory embraced by the District consists of all land within the boundaries of Jefferson County, excluding water and sewage authorities within incorporated municipalities and any other public service districts properly authorized and existing within the county.

Reporting Entity

For financial reporting purposes, the District is considered an independent reporting entity. The basic criteria for defining the District as an independent reporting entity is the District's financial independence, accountability for fiscal matters, significant influence on operations and ability to designate management.

For purposes of regulation by the West Virginia Public Service Commission and as required by its revenue bond issues, water and sewer departments are maintained as separate entities with separate books of account.

The District purchased two private water systems, Glen Haven Utilities, Inc. and Cavaland South Water Service in 1994 for $5,010. In 2015 the District replaced these systems. This project cost approximately $2 million, financed by 50% grants and 50% bond proceeds. Financial data of these water systems are shown in the financial statements under the columnar heading of water department.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a proprietary fund type, the District applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Financial Reporting Entity

The District complies with GASB Statement No. 14, *"The Financial Reporting Entity."* This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the criteria, there are no component units to include in the District's financial statements.

All employees and their related costs are paid directly by the sewer fund. The water fund is billed monthly by the sewer fund for its use of the staff based on hours and related materials.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Basis of Presentation

Accounts of the District are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, except for the immaterial modification concerning inventories listed in the notes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources to pensions, and pension expense, information about the fiduciary net position of the District's Public Employee Retirement System (PERS) and additions to/deductions from the Plan's fiduciary net position have been determine on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Assets, Deferred Outflows, Liabilities, and Net Position

The reserve method is used to provide for possible losses in the collection of customer's accounts receivable.

The District bills customers each month for the prior month's usage. Therefore, accrued utility revenue represents one month's revenues earned but not billed at June 30, 2017 and 2016.

Inventory of materials and supplies are not recorded on the balance sheet. Materials and supplies are expensed when purchased.

Restricted cash held in trust under trust indentures is stated at cost.

It is the District's policy to first use restricted assets when available and then use general revenues to finance projects and expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities and Net Position (Continued)

Utility plant purchased is stated at cost at the date of acquisition. Donated assets, principally water and sewer lines and land, are recorded at an amount which approximates the donor's cost and are recorded as capital contributions. Depreciation is provided on the straight-line method at various rates calculated to allocate the costs of the respective items over their estimated useful lives ranging from 3 to 50 years. Interest paid on loans obtained for construction of plant facilities is capitalized when material. There was no capitalized interest for the years ended June 30, 2017 or 2016. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Major classifications of utility plant of the District and their respective useful lives at June 30, 2017 and 2016, are summarized below:

Sewer Department

Classification	Useful Lives
Collection mains and services	50 years
Transmission mains	50 years
Gravity mains	50 years
Force mains	50 years
Flow meters	50 years
Electric pumping equipment	20-50 years
Transportation equipment	5 years
Communication equipment	5 - 7 years
Furniture and office equipment	3 - 7 years

Water Department

Classification	Useful Lives
Structures and improvements	20-50 years
Supply mains	50 years
Pump equipment	10-50 years
Transmission and distribution lines	10-50 years
Services and meters	10-50 years
Hydrants	30 years

Construction work in progress represents costs for projects that were not completed at year end.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities and Net Position (Continued)

Deferred Outflows of Resources

Deferred Bond-Refunding Costs: Deferred bond-refunding costs represent the difference between the acquisition prices and the net carrying amounts of old debt in current and advance refunding; these refunding result in defeasances of old debt. These deferred costs are amortized as a component of interest expense on the straight-line method over the remaining lives of the old or new debt, whichever are shorter.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees may, depending on level and length of service, be paid for various amounts of their total accrued vacation upon termination or retirement. Accrued sick pay is not paid upon termination. The District accrues a liability for unused vacation up to 240 hours that meets the criteria for payment at the eligible employees' current rates of pay plus retirement benefits and employment taxes. The accrual for compensated absences was $18,198 and $17,949 at June 30, 2017, and 2016, respectively.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the related bonds. Bond insurance is deferred as a prepaid expense and amortized over the lives of the bonds. Other issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Amortization of the deferred loss on bond refinancing is calculated by the straight-line method over the terms of the Series 2010A Revenue Bond and is reflected as an increase to interest expense.

Equity Classifications

Equity is classified as net position and displayed in three components:

a. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted net position-Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities and Net Position (Continued)

Budget

In accordance with West Virginia Code, Management shall prepare and submit to the Board a tentative budget. Such tentative budget shall be considered by the Board and, subject to any revisions or amendments that may be determined by the Board, shall be adopted as the budget for the ensuing fiscal year. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the Board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Accounting Pronouncement

Fiscal year ended June 30, 2015 the District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. The objective of this statement is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments consisted of the following accounts and amounts at June 30, 2017 and 2016:

	Water	Sewer	**2017 Total**	2016 Memorandum Only Total
Revenue	$ 3,533	$ 180,152	**$ 183,685**	$ 183,932
Petty cash	-	700	**700**	700
Operations and maintenance	690	177,820	**178,510**	5,760
Future needs	-	2,150	**2,150**	1,150
Total	$ 4,223	$ 360,822	**$ 365,045**	$ 191,542

The revenue fund is a restricted account in accordance with provisions of the revenue bond resolutions; however, these funds are generally available for the operations of the District.

RESTRICTED CASH AND RESERVES

Restricted cash and reserves consisted of the following accounts and amounts at June 30, 2017 and 2016:

	Water	Sewer	2017 Total	2016 Memorandum Only Total
Debt service revenue	$ 3,202	$ 145,419	$ **148,621**	$ 142,400
Debt service reserve	6,510	460,809	**467,319**	459,424
Bond proceeds account	-	189,318	**189,318**	268,630
Renewal and replacement	767	110,152	**110,919**	82,036
Capacity improvement	-	151,435	**151,435**	150,966
Capacity improvement 2015	-	271,940	**271,940**	226,133
Customer deposits	4,952	177,618	**182,570**	166,721
Total	$ 15,431	$ 1,506,691	$ **1,522,122**	$ 1,496,310

The debt service revenue and related reserve includes funds on deposit with the West Virginia Municipal Bond Commission as trustee under the various revenue bond indentures and proceeds from bond issues. The Trust indentures require the trustee to establish various special purpose trust fund accounts, make periodic transfers to and between funds, maintain them at a specified level and/or disburse funds from them in accordance with the specific terms of the indentures.

The renewal and replacement funds are under the control and custody of the District as trustee in accordance with provisions of the revenue bond indentures. The renewal and replacement fund represents funds on deposit for the purpose of making repairs and replacements.

The District is required to collect Capacity Improvement Fees (CIF), by the orders of the Public Service Commission of West Virginia (PSC) dated March 2005 and modified January 2010, which are to be used for the purpose of improving the Charles Town treatment facilities.

The District is required to remit CIF collections for new customers flows that will be treated at the Charles Town treatment plant by 30 days from collection without interest. The District maintains a liability on the books for fees collected but not yet transferred. The balance of the liability as of June 30, 2017, and 2016, was $0.

CIF account was collections in excess of amounts to be remitted to Charles Town treatment facilities under previous tariff. These amounts was collected directly from new customers and this amounts can only be disbursed by the District with permission of the PSC.

CIF 2015 account is collections in excess of amounts to be remitted to Charles Town treatment facilities under the current tariff. These amounts collected directly for new customer flows can only be disbursed by the District with permission of the PSC.

The customer deposits fund represents funds on deposit with a financial institution as required by the Public Service Commission of West Virginia. These funds are returned to customers upon twelve consecutive timely service payments or upon termination of service.

DEPOSITS AND INVESTMENTS

At June 30, 2017, the District's cash and investment balances were as follows:

Investment Type	Maturities	Fair Value	Standard Poor Rating
Repurchase Agreements	Various	$ -	AA+
State Investment Pool	Average of 90 days	615,940	Unknown
Total investments		615,940	
Cash		1,271,227	
Total Cash and Investments		$ 1,887,167	

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value changes arising from changing interest rates.

Credit Risk

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia, obligations of the federal mortgage association, indebtedness secured by first lien deeds of trust for property situated within this state if the payment is substantially insured or guaranteed by the federal government, pooled mortgage trusts (subject to limitations), indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades, interest earning deposits which are fully insured or collateralized, and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars. The District has no investment policy that would further limit its investment choices.

Concentration Credit Risk

The District does not have a formal investment policy that limits its investments in any one issuer

GAAP requires disclosure when any one issuer is 5% or more of the investment portfolio. The investments in the state investment pool constitute 100% of the investment portfolio. These types of investments are within state statutes as listed under credit risk, therefore, this is not viewed as an additional risk by the District.

DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk-Deposits and Investments (excluding investments at the West Virginia Municipal Bond Commission)

Custodial credit risk is the risk that in the event of a bank or counter party failure, the District will not be able to recover the value of its deposits, investments or collateral securities that are in possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2017, $829,142 of the District's bank balance of $1,271,861, was exposed to custodial credit risk. $442,719 of the bank balance was covered by Federal Deposit Insurance (FDIC) and $829,142 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

In fiscal years ended June 30, 2017 and 2016, the District has a repurchase agreement with a local financial institution for the investment of excess funds in all of the District's accounts held at that institution. Under the repurchase agreement, all collected balances in the account at the end of each day are automatically withdrawn and used to purchase an investment under the repurchase agreement. The repurchase agreement states that the securities purchased will be U.S. Government or Agency Securities or Mortgage Backed Securities. The securities will not be identified as the District's specific property, nor will they be delivered to the District and during any trading day, the District's securities are commingled with the bank's own securities, and may be subject to liens granted by the bank to third parties. The repurchase agreement also states that the purchased interest in underlying securities is not considered a deposit and therefore not insured by the FDIC, the United States Government or Agency thereof, or any other. The market value of the investments approximates cost at June 30, 2017 and 2016.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

Sewer Department

	Balance at July 01, 2015	Additions	Retirements	Balance at June 30, 2016
Capital assets not being depreciated:				
Land and land rights	$ 1,059,785	$ -	$ -	$ 1,059,785
Construction work in progress	116,503	44,886	70,998	90,391
Total capital assets not being depreciated - sewer	1,176,288	44,886	70,998	1,150,176
Capital assets being depreciated:				
Collection mains and services	11,267,038	8,650	-	11,275,688
Transmission mains	240,858	-	-	240,858
Gravity mains	64,865	-	-	64,865
Force mains	1,149,792	2,505	-	1,152,297
Electric pumping equipment	3,914,816	120,557	15,557	4,019,816
Transportation equipment	101,440	45,035	-	146,475
Communication equipment	23,888	-	-	23,888
Furniture and office equipment	241,316	25,335	20,613	246,038
Total capital assets being depreciated - sewer	17,004,013	202,082	36,170	17,169,925

Less Accumulated Depreciation – Sewer Department

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
Collection mains and services	4,023,900	224,184	-	4,248,084
Transmission mains	122,263	4,819	-	127,082
Gravity mains	26,594	1,297	-	27,891
Force mains	568,009	23,029	-	591,038
Electric pumping equipment	1,342,623	120,532	6,541	1,456,614
Transportation equipment	74,940	9,921	-	84,861
Communication equipment	21,305	1,016	-	22,321
Furniture and office equipment	163,706	14,716	20,694	157,728
Total accumulated depreciation	6,343,340	399,514	27,235	6,715,619
Total capital assets being depreciated, net - sewer	10,660,673	(197,432)	-	10,454,306
Net capital assets - sewer	$ 11,836,961	$ (152,546)	$ 70,998	$ 11,604,482

CAPITAL ASSETS (Continued)

Water Department

	Balance at July 01, 2015	Additions	Retirements	Balance at June 30, 2016
Capital assets not being depreciated:				
Land and land rights	$ 36,142	$ -	$ -	$ 36,142
Capital assets being depreciated:				
Wells and springs	71,205	-	-	71,205
Pump equipment	670,273	534	-	670,807
Transmission and distribution lines	1,265,590	40,995	-	1,306,585
Services and meters	218,543	4,639	-	223,182
Total capital assets being depreciated - water	2,225,611	46,168	-	2,271,779

Less Accumulated Depreciation – Water Department

	Balance at July 01, 2015	Additions	Retirements	Balance at June 30, 2016
Wells and springs	3,560	1,780	-	5,340
Pump equipment	-	33,534	-	33,534
Transmission and distribution lines	-	26,130	-	26,130
Services and meters	-	17,678	-	17,678
Total accumulated depreciation	3,560	79,122	-	82,682
Total capital assets being depreciated, net - water	2,222,051	(32,954)	-	2,189,097
Net capital assets - water	$ 2,258,193	$ (32,954)	$ -	$ 2,225,239

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2017 was as follows:

Sewer Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Capital assets not being depreciated:				
Land and land rights	$ 1,059,785	$ -	$ -	$ 1,059,785
Construction work in progress	90,391	201,348	262,671	29,068
Total capital assets not being depreciated - sewer	1,150,176	201,348	262,671	1,088,853
Capital assets being depreciated:				
Collection mains and services	11,275,688	1,024,930	-	12,300,618
Transmission mains	240,858	-	-	240,858
Gravity mains	64,865	-	-	64,865
Force mains	1,152,297	538	-	1,152,835
Electric pumping equipment	4,019,816	18,198	-	4,038,014
Transportation equipment	146,475	-	-	146,475
Communication equipment	23,888	-	-	23,888
Furniture and office equipment	246,038	2,476	-	248,514
Total capital assets being depreciated - sewer	17,169,925	1,046,142	-	18,216,067

Less Accumulated Depreciation – Sewer Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Collection mains and services	4,248,084	225,614	-	4,473,698
Transmission mains	127,082	4,816	-	131,898
Gravity mains	27,891	1,313	-	29,204
Force mains	591,038	23,055	-	614,093
Electric pumping equipment	1,456,614	120,734	-	1,577,348
Transportation equipment	84,861	17,225	-	102,086
Communication equipment	22,321	423	-	22,744
Furniture and office equipment	157,728	15,075	-	172,803
Total accumulated depreciation	6,715,619	408,255	-	7,123,874
Total capital assets being depreciated, net - sewer	10,454,306	637,887	-	11,092,193
Net capital assets - sewer	$ 11,604,482	$ 839,235	$ 262,671	$ 12,181,046

CAPITAL ASSETS (Continued)

Water Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Capital assets not being depreciated:				
Land and land rights	$ 36,142	$ -	$ -	$ 36,142
Capital assets being depreciated:				
Wells and springs	71,205	3,462	-	74,667
Pump equipment	670,807	1,967	-	672,774
Transmission and distribution lines	1,306,585	-	-	1,306,585
Services and meters	223,182	-	-	223,182
Total capital assets being depreciated - water	2,271,779	5,429	-	2,277,208

Less Accumulated Depreciation – Water Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Wells and springs	5,340	1,781	-	7,121
Pump equipment	33,534	33,540	-	67,074
Transmission and distribution lines	26,130	26,134	-	52,264
Services and meters	17,678	17,734	-	35,412
Total accumulated depreciation	82,682	79,189	-	161,871
Total capital assets being depreciated, net - water	2,189,097	(79,189)	-	2,115,337
Net capital assets - water	$ 2,225,239	$ (79,189)	$ -	$ 2,151,479

CONSTRUCTION WORK IN PROGRESS

Construction work in progress is made up of the following at June 30, 2017:

Norborne Glebe Project - Sewer	$	11,575
Wormald/Beallair Project - Sewer		16,324
Jefferson Crossing		1,169
	$	29,068

Sewer

The Norborne Glebe Project is an alternate main line extension that will service the Norborne Glebe subdivision. The project has been expanded from its original plant to serve 602 homes, to serve approximately 1,000 residential units and 40 acres of commercial property. 180 homes are currently on the billing system. Over the past fiscal year, the developer has purchased 13 CIFs. This pace is scheduled to continue for new homes. This project is being built by the developer and upon phase completion will be turned over to the District, at which time the estimated total cost of the project will be recorded on the District's books as utility plant and capital contributions. Phase I was turned over to the District in September 2005. This is reflected in capital contributions and utility plant in the year ended June 30, 2006. The estimated date of completion for the remainder of the project is 2025 with an estimated total cost of $500,000 (unaudited).

The Beallair Development by Wormald Developers is under an alternate mainline extension agreement. The project will service approximately 400 homes when fully built out. Currently there are 76 metered customers and 2 flat rate customer. The sewer system is being constructed by the Developer and will be turned over to the District as phases are completed. The District previously accepted one pump station and the lines for lots 1-49 in 2007. The estimated total cost of the project is recorded on the District's books as utility plant and capital contributions when turned over to the District. The developer is currently working on Phase II The estimated cost of future capital contributions to the District is currently unavailable.

OTHER ASSETS

Future Utility Plant Preliminary Survey and Design Charges

These charges represent engineering, legal, accounting and other incidental costs incurred for the acquisition and or development of future sewer and water systems.

Other Assets-Capacity Upgrades

The District's contribution to the Charles Town wastewater treatment plant upgrade is being amortized over the remaining life (25 years) of the associated bonds. The carrying amount of this asset, net of amortization at June 30, 2017 and 2016 is $574,489 and $618,680 respectively. (See details on reclassification in Sewer Service Agreement note).

REVENUE BONDS PAYABLE

The District was obligated under trust indentures with respect to the following sewer and water revenue bonds outstanding at June 30, 2017 and 2016:

Water	2017	2016
Series 2014 A Water Revenue Bonds, original face value of $985,350, payable in quarterly installments with principal beginning December 1, 2014, at 0.5% interest and concluding on September 1, 2045.	$ 931,838	$ 962,474

REVENUE BONDS PAYABLE (Continued)

The District was obligated under trust indentures with respect to the following sewer and water revenue bonds outstanding at June 30, 2017 and 2016:

Sewer	2017	2016
Series - 1988 B sewer revenue bonds, original face value of $425,767, payable in annual installments, with principal beginning in 1990 at $10,917 at 0% interest and concluding October 10, 2028.	$ **131,008**	$ 141,925
Series - 1998 B sewer revenue bonds, original face value of $599,089, payable in quarterly installments, with principal beginning September 1, 1999 at $7,489 at 0% interest and concluding June 1, 2019.	**59,904**	89,856
Series - 1998 C sewer revenue bond, Infrastructure fund, original face value of $662,039, payable in quarterly installments, with principal and interest beginning September 1, 2019 at 1% interest and concluding June 1, 2038.	**662,039**	662,039
Series - 1999 A sewer revenue bond, original face value of $378,363, payable in quarterly installments, with principal beginning June 1, 2000 at $3,154 at 0% interest and concluding March 1, 2030.	**160,803**	173,415
Series - 2000 A sewer revenue bonds, original face value of $1,154,889, payable in quarterly installments with principal beginning March 1, 2002 at $9,625 at 0% interest and concluding December 1, 2031.	**558,192**	596,688
Series - 2008 A sewer revenue bonds, original face value of $2,005,000, payable in quarterly installments with principal beginning March 1, 2009 at $16,709 at 0% interest and concluding December 1, 2038.	**1,436,894**	1,503,730
Series - 2010 A sewer revenue refunding bonds, original face value of $1,895,000, payable in semi-annual installments with principal beginning October 1, 2010 at $19,900 at $3% increasing to 4.375% interest and concluding on October 1, 2028.	$ **1,395,000**	$ 1,485,000

REVENUE BONDS PAYABLE (Continued)

	2017	2016
Series - 2013 A Sewer Revenue Bonds, original face value of $1,660,000, payable in semi-annual installments with principal beginning June 1, 2014, at 2.25% increasing to 4.0% interest and concluding on October 1, 2028.	$ 1,290,000	$ 1,385,000
Series - 2015 A Sewer Revenue Bonds, original face value of $660,000, payable in 180 monthly installments with principal beginning December 1, 2016, at 3.39% interest.	602,567	640,240
Total sewer revenue bonds payable	$ 6,296,407	$ 6,677,893

Maturities of sewer and water revenue bonds payable and interest payments for each of the next five years and in subsequent five-year increments succeeding June 30, 2017 are as follows:

	Sewer		Water	
Year Ending June 30	Principal	Interest	Principal	Interest
2018	$ 387,065	$ 119,236	$ 30,789	$ 4,602
2019	391,299	113,254	30,943	4,447
2020	404,436	111,809	31,098	4,292
2021	416,090	103,031	31,254	4,137
2022	422,795	93,451	31,411	3,980
2023-2027	2,271,361	307,213	159,426	17,524
2028-2032	1,345,817	44,907	163,461	13,490
2033-2037	518,883	6,790	167,597	9,355
2038-2042	138,660	238	171,838	5,115
2043-2046	-	-	114,021	999
	$ 6,296,407	$ 899,929	$ 931,838	$ 67,941

The bond issues are secured by a first lien on the revenues derived from the system and a statutory mortgage lien on the system.

All sewer revenue bonds are on parity with each other.

Sewer revenue bond activity for the year ended June 30, 2016 was as follows:

	Balance at July 01, 2015	Additions	Deductions	Balance at June 30, 2016
Series 1988 B	$ 152,842	$ -	$ 10,917	$ 141,925
Series 1998 B	119,808	-	29,952	89,856
Series 1998 C	662,039	-	-	662,039
Series 1999 A	186,027	-	12,612	173,415
Series 2000 A	635,184	-	38,496	596,688
Series 2008 A	1,570,566	-	66,836	1,503,730
Series 2010 A	1,570,000	-	85,000	1,485,000
Series 2013 A	1,480,000	-	95,000	1,385,000
Series 2016 A	-	660,000	19,760	640,240

REVENUE BONDS PAYABLE (Continued)

Total sewer revenue bonds payable	$ 6,376,466	$ 660,000	$ 358,573	$ 6,677,893
Less: Current portion due in upcoming year				378,846
Long-term sewer revenue bonds payable at June 30, 2016 (net of current portion)				$ 6,299,047

Sewer revenue bond activity for the year ended June 30, 2017 was as follows:

	Balance at July 01, 2016	Additions	Deductions	Balance at June 30, 2017
Series 1988 B	$ 141,925	$ -	$ 10,917	$ 131,008
Series 1998 B	89,856	-	29,952	59,904
Series 1998 C	662,039	-	-	662,039
Series 1999 A	173,415	-	12,612	160,803
Series 2000 A	596,688	-	38,496	558,192
Series 2008 A	1,503,730	-	66,836	1,436,894
Series 2010 A	1,485,000	-	90,000	1,395,000
Series 2013 A	1,385,000	-	95,000	1,290,000
Series 2016 A	640,240	-	37,673	602,567
Total sewer revenue bond payable	$ 6,677,893	$ -	$ 381,486	$ 6,296,407
Less: Current portion due in upcoming year				387,065
Long-term sewer revenue bonds payable at June 30, 2017 (net of current portion)				$ 5,909,342

Water revenue bond activity for the year ended June 30, 2016 was as follows:

	Balance at July 01, 2015	Additions	Deductions	Balance at June 30, 2016
Series 2014 A	985,292	$ -	22,818	$ 962,474
Less: Current portion due in upcoming year				30,636
Long-term sewer revenue bonds payable at June 30, 2016 (net of current portion)				$ 931,838

Water revenue bond activity for the year ended June 30, 2017 was as follows:

	Balance at July 01, 2016	Additions	Deductions	Balance at June 30, 2017
Series 2014 A	962,474	$ -	30,636	$ 931,838
Less: Current portion due in upcoming year				30,789
Long-term sewer revenue bonds payable at June 30, 2017 (net of current portion)				$ 901,049

REVENUE BONDS PAYABLE (Continued)

The covenants contained in each of the bond issues include the following ratios and deposit requirements:

	Sewer		Water	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Debt service coverage ratio Requirement 115%	158%	160%	128%	73%
Funding of renewal and replacement fund	Yes	Yes	Yes	No
Funding of Debt Service fund	Yes	Yes	Yes	Yes

The Series 2016A (Sewer) Bonds were issued in the prior year to cover engineering and pre-construction costs related to a sewer transmission project. Although the calculated Water debt service coverage ratio of 73% was below the required 115%, the District was not in violation of this bond covenant as they already had rates in place to achieve the required coverage ratio in future years. However, the water renewal and replacement account was not timely established and funded; therefore, the District was in violation of the respective bond covenant at June 30, 2016. At June 30, 2017, the District was in compliance with all bond covenants.

Current Refunding - Deferred Outflows

The District on June 24, 2010, issued Series 2010 A Sewer revenue bonds to refund its Series 1998 A revenue refinancing bonds. As required by Generally Accepted Standards Board Statement No. 23, the District deferred the difference between the reacquisition price and the net carrying amount of the old debt to be amortized as a component of interest expense over the shorter of the remainder life of the old debt or the new debt.

Deferred requisition cost:	Original Amt.	Accum. Amort.	Net Amount
Series 1998 A bond issue costs	$ 109,885	$ 43,461	$ 66,424
Deferred loss on 1998 A refinance	249,842	97,161	152,681
Deferred 2010 A reacquisition cost	$ 359,727	$ 140,622	$ 219,105

NOTES PAYABLE

Notes payable consist of the following:

	2017	2016
Sewer Department		
Note payable to the bank in the amount of $44,062 at the fixed rate of 4.25%, principal and interest due in monthly installments beginning February 2012 and concluding in January 2017.	-	$ 5,640

Principal amounts due over the life of the bond are as follows:

Jefferson County Public Service District

SCHEDULES OF OPERATING EXPENSES - SEWER DEPARTMENT

For the years ended June 30, 2017 and 2016

	2017	2016
COLLECTING EXPENSES		
Operation labor	$ 49,127	$ 48,702
Supplies and expense	4,179	3,803
Total	53,306	52,505
PUMPING SYSTEM		
Operation labor	69,678	69,984
Power purchased for pumping	47,455	45,520
Pumping and supplies	52,539	52,293
Pumping maintenance	60,713	46,778
Total	230,385	214,575
TREATMENT AND DISPOSAL SYSTEM EXPENSES		
Operation labor	4,116	2,041
Supplies and expense	4,067	3,993
Treatment and disposal rent	995,921	940,800
Total	1,004,104	946,834
BILLING AND COLLECTING EXPENSES		
Meter reading, accounting and collection	141,315	137,855
ADMINISTRATIVE AND GENERAL EXPENSES		
General office salaries	236,084	231,275
Employee benefits	284,808	65,278
Office supplies and expense	81,896	83,550
Insurance	51,857	38,542
Professional fees	96,991	237,773
Miscellaneous general expense	18,912	23,742
Directors' fees	5,400	7,050
Rent	87,184	84,645
Regulatory commission expense and penalties	21,655	23,462
Transportation expense	42	4,002
Utilities	20,697	20,453
Bad debts	17,361	15,347
Repairs and maintenance	11,166	19,091
Total	934,053	854,210
Total operating expenses	$ 2,363,163	$ 2,205,979

See independent auditors' report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Members of the Public Service Board
Jefferson County Public Service District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Jefferson County Public Service District ("District") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CoxHollida & Professionals PLLC

Martinsburg, West Virginia

October 11, 2017

Jefferson County Public Service District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

Internal Control

None

Compliance

None

Jefferson County Public Service District

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

Internal Control

None

Compliance

2016-001 **Condition:**

The District did not timely deposit renewal and replacement funds into a separate account following issuance of the 2015 Water Bonds. Bond covenants require the District to calculate and deposit two and one half percent (2 1/2 %) of each months water revenues.

Recommendation:

The District should ensure that they follow and adhere to all bond covenants, including the timely calculation and deposit of required renewal and replacement funds.

Audited Agency's Response:

The District's water fund did not have any previous water revenue bonds prior to the 2015 series bonds. Thus, there was no previous requirement for funding a replacement reserve. When the District realized the violation of this covenant, the Board established an account and a plan to fully fund the depreciation reserve. Prior to the establishment of the separate depreciation reserve account, the District had a savings account set up to fund upgrades.

Current Status:

Corrected

NONCURRENT LIABILITIES

Changes in long-term liabilities for governmental activities for the fiscal year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
OPEB obligation	$ 193,755	$ 9,769	$ -	$ 203,524
Net pension liability	130,213	228,536	-	358,749
	$ 323,968	$ 238,305	$ -	$ 562,273
Current portion due in upcoming year				$ -

CAPACITY IMPROVEMENT FEES

The District began collecting capacity improvement fees in March 2005 for all new connections to the District's system pursuant to a PSC order dated March 28, 2005. This order was modified by an order dated January 30, 2009, to increase the amount of the capacity improvement fee collected to $7,500 from $1,127 per equivalent dwelling unit. The January 30, 2009 order was changed by the March 20, 2013 order to reduce capacity improvement fees collected from $7,500 to $1,127 per equivalent dwelling unit. The March 20, 2013 order was changed in August 2016 by PSC WV Order No. 17 to increase capacity improvement fees collected from $1,127 to $4,832 per equivalent dwelling unit for service rendered on or after August 13, 2016.

The final order in WV PSC case #15-1338-PSD-42R-PC, was issued on March 23, 2017. In this order the PSC reduced the amount of the capacity improvement fee the District had been collecting from $4,832 to $3,207. The amount of the reduction, $1,625, was the portion of the fee that the District had been collecting per our agreement with Ranson for use of their Flowing Springs Pump Station. Since Ranson withdrew from the agreement, the PSC removed their portion of this capacity improvement fee from the District's collected fee even though District flows continue to use the Flowing Springs Pump Station. Now, out of the $3,207 collected for each equivalent dwelling unit, (EDU), the District retains $2,080 for District future capacity needs due to growth and the balance of $1,127 is sent to Charles Town. Capacity upgrades needed due to growth is the only purpose the money can be used and the District must get permission from the WV PSC to use these funds. The collected money is kept in a separate bank account. Because the District had been collecting the fee since initiation of this case on August 13, 2015, there were 107 EDUs of capacity improvement fees collected which included the $1,625 portion for Ranson. $173,875 related to these 107 EDUs were refunded at the conclusion of the case.

As required by the previous order, new service connections that will be treated at the Charles Town waste water treatment plant, $1,127 per equivalent dwelling unit will be maintained in a separate fund administered jointly by the parties and shall only be used for the purpose of improving the Charles Town treatment facilities.

Capacity improvement fee activity for the years ended June 30, 2017 and 2016:

Charles Town WWTP	**June 30, 2017**	June 30, 2016
Capacity improvement fees collected	$ **296,033**	$ 299,260
Capacity improvement fees remitted to Charles Town	**(77,763)**	(73,255)
Deposited in Districts CIF Account	**(218,270)**	(226,005)
Refunded Ranson CIFs per PSC Order	**173,875**	-
Net CIF deposits in District's CIF Account	$ **(44,395)**	$ (226,005)

MISCELLANEOUS OPERATING REVENUES

Miscellaneous operating revenues - sewer department- consist of the following items:

	2017	2016
Transportation credits	$ 38,548	$ 36,545
System billing fees - water department	32,132	31,148
Shared staff reimbursement	-	2,093
Bad debts recovered	1,710	1,800
Disconnect/reconnect fees	3,950	430
Other miscellaneous revenue	6,227	5,217
Total	$ 82,567	$ 77,233

LEASE

In April 2008, the District entered into a (10) ten year facilities lease agreement with options to extend. The monthly lease payments start at $5,782 for the first twelve months and escalate at a rate of 3% each year. The District expensed $87,184 and $84,645 in lease expense for fiscal years ended June 30, 2017 and 2016 respectively. Minimum future rental payments under non-cancelable operating lease are as follows:

2018	$ 89,648
2019	37,946
Total minimum future rental payments	$ 127,594

SEWER SERVICE AGREEMENT

Effective for service rendered on and after May 1, 2005, by order of the Public Service Commission of West Virginia (PSC), the District is considered a bulk rate customer to the City of Charles Town; therefore, the specific formula used to calculate the amount charged for these sewer services in prior years was changed to include actual usage at a resale rate as stated in the City of Charles Town's sewer tariff, less resale and transportation credits, applicable only to the District. The bulk rate is reflected at gross in the supplemental schedule of operating expenses - sewer department under treatment and disposal rent. The credits are reflected as income in the District's financial statements. The resale credit, which is for the debt incurred by the District as part of the 2000 Charles Town treatment plant upgrade, is reflected as miscellaneous non-operating revenues.

As of July 1, 2005, the District's asset related to the Charles Town wastewater treatment plant upgrade was reclassed from utility plant in service to other assets on the balance sheet and is being amortized over the remaining life (25 years) of the associated bonds for the Charles Town wastewater treatment plant upgrades (Series 2000). The carrying amount of this asset, net of amortization at June 30, 2017 and 2016 is $574,489 and $618,680 respectively. The transportation credits are for reimbursement of fixed debt associated with lift stations to transport Charles Town's sewage from the former Sanitary Associates service area, and for flows from the former Sanitary Associates area. These credits are included in miscellaneous operating revenues. During the years ended June 30, 2017 and 2016, treatment expenses totaled $995,921 and $940,800 respectively.

EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information, and Funding Policies

The District participates in the West Virginia Public Employees Retirement System (WVPERS), a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Council employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The plan is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contribution methods, and benefits provisions:

Eligibility to participate	All full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.5% - 6.0%
District's contribution rate	12.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information

Fiscal Year Ended	District Contributions	Employee Contributions	Total Contributions	Percent Contributed
2017	$ 60,116	$ 23,300	$ 83,416	100%
2016	65,410	22,484	87,894	100%
2015	67,214	21,605	88,819	100%
2014	69,108	21,438	90,546	100%
2013	65,554	21,071	86,625	100%
2012	64,383	19,981	84,364	100%

EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net position liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2014 and rolled forward to June 30, 2016 using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the government's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2016:

Amount for proportionate share of net pension liability	$	323,174
Percentage for proportionate share of net pension liability		0.035161%
Increase/(decrease) % from prior proportion measured		-0.024100%

For the year ended June 30, 2017, the government recognized the following pension expense:

PERS pension expense	$	60,116

The government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	$ 101,553	$ -
Deferred difference in assumptions	-	15,745
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,646	1,871
Differences between expected and actual experience	26,950	
Government contributions subsequent to the measurement date	60,016	-
	190,165	17,616

EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2017	$	49,897
2018		49,894
2019		131,817
2020		89,082
2021		-
Thereafter		-
	$	320,690

Actuarial Assumptions

The total pension liability was determine by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	3.00%
Salary increases	3.0% - 4.6%
Investment Rate of Return	7.50%

Mortality Rates

Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA

Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA

Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA

Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA

The actuarial assumptions used in the July 1, 2014 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rates of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (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 percentage and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the PERS defined benefit plan:

EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Actuarial assumptions (continued)

Investment	Long-term Expected Real Rate of Return	PERS Target Asset Allocation
US (Domestic) Equity	7.0%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	2.7%	7.5%
High Yield Fixed Income	5.5%	7.5%
Real Estate	5.6%	10.0%
Private Equity	9.4%	10.0%
Hedge Funds	4.7%	10.0%
Cash	1.5%	0.0%
Inflation (CPI)	1.9%	0.0%
		100.0%

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection 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 for each 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.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Government's proportionate share of PERS's net pension liability	$ 584,991	$ 323,171	$ 100,817

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District is an active participant with the West Virginia Public Employees Insurance Agency (PEIA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. PEIA provides medical benefits to retired employees and former employees of participating and non-participating West Virginia government entities. West Virginia Code, Chapter 5, Article 16, assigns the authority to establish and amend benefit provisions to PEIA. PEIA annually issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained online from PEIA's website: www.westvirginia.com/peia.

Funding Policy. West Virginia Code, Chapter 5, Article 16 provides that contribution requirements of the plan and the participating employers are established and may be amended by PEIA. Plan members or beneficiaries receive benefits do not contribute to the plan.

Participating employers are contractually required to contribute at a rate assessed each year by PEIA. PEIA sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

	Fiscal Years Ended June 30:		
	2017	2016	2015
Per participant per month:			
Contractually required Contributions	$ 196	$ 164	$ 164
District contributions to PEIA for pay as you go	$ 278	$ 266	$ 225
District's annual required contributions:			
Contractually required	$ 26,634	$ 26,945	$ 24,576
District contributions to PEIA for pay as you go	10,170	13,776	13,776
Net OPEB obligation	$ 16,464	$ 13,169	$ 10,800
Percentage of required contributions paid	38%	51%	56%

	2014
Per participant per month:	
Contractually required Contributions	$ 176
District contributions to PEIA for pay as you go	$ 94
District's annual required contributions:	
Contractually required	$ 19,296
District contributions to PEIA for pay as you go	14,784
Net OPEB obligation	$ 4,512
Percentage of required contributions paid	77%

OTHER POST EMPLOYMENT BENEFITS (Continued)

The District recorded the total net OPEB obligation during fiscal year ended June 30, 2013 which consisted of the following:

Net OPEB obligation	
Fiscal year ended June 30:	
2017	$ 16,464
2016	13,169
2015	10,800
2014	4,512
2013	3,792
2012	38,112
2011	44,520
2010	51,362
2009	19,001
2008	8,487
	$ 210,219

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2016 and 2014:

	2017		2016	
	Water	**Sewer**	Water	Sewer
Cash	**$ 4,223**	**$ 360,822**	$ 5,760	$ 185,782
Restricted cash	**15,431**	**1,506,691**	11,010	1,485,300
Total	**$ 19,654**	**$ 1,867,513**	$ 16,770	$ 1,671,082

Schedule of Noncash Investing and Financing activities at June 30, 2017 and 2016 - Sewer:

	2017	2016
Loss on dropped projects	**$ (133,260)**	$ (4,986)
Loss on disposal of assets	**$ -**	$ (7,980)

REQUIRED SUPPLEMENTAL INFORMATION

Jefferson County Public Service District

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

June 30, 2017, 2016 and 2015

Public Employees Retirement System

Last 3 Fiscal Years

		2017		2016
Government's proportion of the net pension liability (asset) (percentage)		0.035161%		0.035402%
Government's proportion of the net pension liability (asset)	$	323,174	$	197,686
Government's covered-employee payroll	$	500,963	$	484,519
Government's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll		64.51%		40.80%
Plan fiduciary net position as a percentage of the total pension liability		86.11%		83.10%

		2015
Government's proportion of the net pension liability (asset) (percentage)		0.035591%
Government's proportion of the net pension liability (asset)	$	131,356
Government's covered-employee payroll	$	480,102
Government's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll		27.36%
Plan fiduciary net position as a percentage of the total pension liability		79.70%

See independent auditors' report.

Jefferson County Public Service District

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

June 30, 2017 through 2012

Public Employees Retirement System

Last 6 Fiscal Years

	2017	2016	2015	2014	2013
Contractually required contribution	$ 60,116	$ 65,410	$ 67,214	$ 69,108	$ 65,554
Contributions in relation to the contractually required contribution	(60,116)	(65,410)	(67,214)	(69,108)	(65,554)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 500,963	$ 484,519	$ 480,102	$ 477,898	$ 468,246
Contributions as a percentage of covered-employee payroll	12.00%	13.50%	14.00%	14.50%	14.00%

	2012
Contractually required contribution	$ 64,383
contractually required contribution	(64,383)
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 442,022
Contributions as a percentage of	14.50%

See independent auditors' report.

SUPPLEMENTAL INFORMATION

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - WATER DEPARTMENT

For the year ended June 30, 2017

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES						
Operating revenues		$ 78,200	$ 99,000	$ 99,342 (C)	$ 153	$ 99,495
Non-operating revenues	(B)	300	300	153	(77)	76
Total revenues		78,500	99,300	99,495	76	99,571
REVENUE DEDUCTIONS BEFORE DEPRECIATION						
Operating expenses		47,714	54,380	54,366	-	54,366
Income before depreciation		30,786	44,920	45,129	76	45,205
DEPRECIATION	(A)	-	-	-	79,189	79,189
Income before non-operating expenses		30,786	44,920	45,129	(79,113)	(33,984)
NON-OPERATING INCOME (EXPENSES)						
Interest income	(B)	-	-	-	76	76
Interest expense	(F)	-	-	-	(4,755)	(4,755)
Total non-operating income (expenses)		-	-	-	(4,679)	(4,679)
CAPITAL CONTRIBUTIONS	(D)	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Renewal and replacement funds	(E)	(1,955)	(2,483)	-	-	-
Reserve for meters	(E)	(1,920)	-	-	-	-
Debt service	(E)	(32,442)	(38,930)	-	-	-
SB 234	(E)	(5,964)	(4,136)	-	-	-
Total other financing sources (uses)		(42,281)	(45,549)	-	-	-
Increase (decrease) net position		(11,495)	(629)	45,129	(83,792)	(38,663)
Net position at beginning of year		481,118	495,704	465,111	(43,511)	1,475,442
Net position at end of year		$ 469,623	$ 495,075	$ 510,240	$ (127,303)	$ 1,436,779

NOTES:

(A) Non-cash items are not included for budgetary purposes.
(B) For budgetary purposes, includes interest earned included in miscellaneous revenues
(C) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(D) For budgetary purposes, includes capital contributions.
(E) Budget includes principal, interest and fund of reserve accounts.
(F) Interest expense is included in debt service for budgetary purposes.

See independent auditors' report

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - WATER DEPARTMENT

For the year ended June 30, 2016

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES							
Operating revenues		$ 83,000	$ 78,200	$ 77,567	(C)$	152	$ 77,719
Non-operating revenues	(B)	300	300	19		(19)	-
Total revenues		83,300	78,500	77,586		133	77,719
REVENUE DEDUCTIONS BEFORE DEPRECIATION							
Operating expenses		42,500	47,714	52,085		-	52,085
Income before depreciation		40,800	30,786	25,501		133	25,634
DEPRECIATION	(A)	-	-	-		79,122	79,122
Income before non-operating expenses		40,800	30,786	25,501		(78,989)	(53,488)
NON-OPERATING INCOME (EXPENSES)							
Interest income	(B)	-	-	-		18	18
Interest expense		-	-	-		(4,073)	(4,073)
Grant revenue	(E)	-	-	-		39,183	39,183
Total non-operating income (expenses)		-	-	-		35,128	35,128
CAPITAL CONTRIBUTIONS	(D)	-	-	-		350	350
Increase (decrease) in net position		40,800	30,786	25,501		(43,511)	(18,010)
Net position at beginning of year		440,318	464,918	439,610		-	1,493,452
Net position at end of year		$ 481,118	$ 495,704	$ 465,111		$ (43,511)	$ 1,475,442

NOTES:

(A) Non-cash items are not included for budgetary purposes.
(B) For budgetary purposes, includes interest earned.
(C) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(D) For budgetary purposes, includes capital contributions.
(E) Grant revenue are not normally included for budgetary purposes.

See independent auditors' report.

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - SEWER DEPARTMENT

For the year ended June 30, 2017

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES						
Operating revenues		$ 3,049,267	$ 3,049,267	$ 3,009,574 (F)	$ 82,567	$ 3,092,141
Non-operating revenues	(C)	96,928	96,928	128,000	(128,000)	-
Total revenues		3,146,195	3,146,195	3,137,574	(45,433)	3,092,141
REVENUE DEDUCTIONS BEFORE DEPRECIATION						
Operating expenses	(G)	2,434,915	2,399,742	2,117,266	245,897	2,363,163
Income before depreciation		711,280	746,453	1,020,308	(291,330)	728,978
DEPRECIATION	(A)	-	-	-	408,255	408,255
Income before non-operating expenses		711,280	746,453	1,020,308	(699,585)	320,723
NON-OPERATING INCOME (EXPENSES)						
Interest income	(C)	-	-	-	4,021	4,021
Interest expense	(B)	-	-	-	(149,250)	(149,250)
Amortization of treatment plant upgrades	(A)	-	-	-	(44,773)	(44,773)
Loss due to dropped projects	(A)	-	-	-	(133,260)	(133,260)
Miscellaneous non-operating revenues	(A)	-	-	-	41,412	41,412
Total non-operating income (expenses)		-	-	-	(281,850)	(281,850)
Increase (decrease) in net position before capital contributions		711,280	746,453	1,020,308	(981,435)	38,873
CAPITAL CONTRIBUTIONS	(C)	-	-	-	1,009,551	1,009,551
OTHER FINANCING SOURCES (USES)						
Renewal and replacement funds	(D)	(78,655)	(78,655)	(78,428) (E)	78,428	-
SB 234 funds	(D)	(304,364)	(202,317)	(202,317) (E)	202,317	-
Debt service	(D)	(555,163)	(555,163)	(561,372) (E)	561,372	-
Total other financing (uses)		(938,182)	(836,135)	(842,117)	842,117	-
Increase (decrease) in net position		(226,902)	(89,682)	178,191	870,233	1,048,424
Net position at beginning of year		7,742,054	7,742,054	7,742,054	-	7,742,054
Net position at end of year		$ 7,515,152	$ 7,652,372	$ 7,920,245	$ 870,233	$ 8,790,478

NOTES:

(A) Non-cash items are not included for budgetary purposes.
(B) Interest expense is included in debt service for budgetary purposes
(C) For budgetary purposes, includes interest earned on debt service and other funds, capital contributions, developer guaranteed minimum payments, grant revenues and miscellaneous operating revenues
(D) Budget includes principal, interest, and funding of debt service and reserve funds.
(E) Balance sheet transactions are excluded from revenues and expenses under GAAP.
(F) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(G) Budget operating expenses do not include bad debts or increase in OPEB liability.

See independent auditors' report.

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - SEWER DEPARTMENT

For the year ended June 30, 2016

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES							
Operating revenues		$ 2,591,478	$ 2,916,194	$ 2,916,185	(F)$	77,233	$ 2,993,418
Non-operating revenues	(C)	164,000	121,256	119,866		(119,864)	2
Total revenues		2,755,478	3,037,450	3,036,051		(42,631)	2,993,420
REVENUE DEDUCTIONS BEFORE DEPRECIATION							
Operating expenses	(G)	2,210,640	2,328,155	2,191,776		14,204	2,205,980
Income before depreciation		544,838	709,295	844,275		(56,835)	787,440
DEPRECIATION	(A)	-	-	-		399,514	399,514
Income before non-operating expenses		544,838	709,295	844,275		(456,349)	387,926
NON-OPERATING INCOME (EXPENSES)							
Interest income	(C)	-	-	-		1,219	1,219
Loss on disposal of assets	(A)	-	-	-		(7,980)	(7,980)
Interest expense	(B)	-	-	-		(146,414)	(146,414)
Amortization of treatment plant upgrades	(A)	-	-	-		(44,192)	(44,192)
Bond issuance costs	(A)	-	-	-		(22,297)	(22,297)
Loss due to dropped projects	(A)	-	-	-		(4,986)	(4,986)
Miscellaneous non-operating revenues	(A)	-	-	-		41,412	41,412
Total non-operating income (expenses)		-	-	-		(183,238)	(183,238)
Increase (decrease) in net position before capital contributions		544,838	709,295	844,275		(639,587)	204,688
CAPITAL CONTRIBUTIONS	(C)	-	-	-		227,254	227,254
OTHER FINANCING SOURCES (USES)							
Renewal and replacement funds		(345,217)	(366,956)	(349,873)	(E)	349,873	-
Debt service	(D)	(463,894)	(493,774)	(493,557)	(E)	493,557	-
Total other financing (uses)		(809,111)	(860,730)	(843,430)		843,430	-
Increase (decrease) in net position		(264,273)	(151,435)	845		431,097	431,942
Net position at beginning of year		7,310,112	7,310,112	7,310,112		-	7,310,112
Net position at end of year		$ 7,045,839	$ 7,158,677	$ 7,310,957		$ 431,097	$ 7,742,054

NOTES:

(A) Non-cash items are not included for budgetary purposes.
(B) Interest expense is included in debt service for budgetary purposes.
(C) For budgetary purposes, includes interest earned on debt service and other funds, capital contributions, developer guaranteed minimum payments and miscellaneous operating revenues.
(D) Budget includes principal, interest, and funding of debt service and reserve funds.
(E) Balance sheet transactions are excluded from revenues and expenses under GAAP.
(F) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(G) Budget operating expenses do not include bad debts or increase in OPEB liability.

See independent auditors' report.

Jefferson County Public Service District

SCHEDULES OF OPERATING EXPENSES - WATER DEPARTMENT

For the years ended June 30, 2017 and 2016

	2017	2016
SOURCE OF SUPPLY EXPENSES		
Repairs and maintenance	$ 309	$ 4,318
Operation supplies and expenses	1,240	1,044
Total	1,549	5,362
PUMPING EXPENSES		
Repairs and maintenance	38,593	31,148
Operation supplies and expenses	5,698	5,072
Total	44,291	36,220
BILLING AND COLLECTING EXPENSES		
Meter reading, accounting and collection	30	47
ADMINISTRATIVE AND GENERAL EXPENSES		
Professional fees	-	1,680
Bad debts	6	54
Miscellaneous expenses	8,490	8,723
Total	8,496	10,457
Total operating expenses	$ 54,366	$ 52,086

See independent auditors' report.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix has been obtained from sources that the Issuer, CTUB and the Underwriter believe to be reliable, but none of the Issuer, CTUB or the Underwriter takes 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 2018 B Bonds. The Series 2018 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 2018 B Bond certificate will be issued for each maturity of the Series 2018 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 2018 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 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 2018 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 2018 B Bonds, except in the event that use of the book-entry system for the Series 2018 B Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2018 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 2018 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 2018 B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 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 2018 B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 B Bonds documents. For example, Beneficial Owners of Series 2018 B

Bonds may wish to ascertain that the nominee holding the Series 2018 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 2018 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 2018 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 the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2018 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 2018 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 the 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 the 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 2018 B Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2018 B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2018 B Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2018 B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2018 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 2018 B Bonds at any time by giving reasonable notice to the Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2018 B Bonds certificates are required to be printed and delivered.

11. The 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 2018 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 the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

December ___, 2018

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B

City of Charles Town
Charles Town, West Virginia

Crews & 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 2018 B (the "Series 2018 B Bonds").

The Series 2018 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 September 17, 2018, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on December 3, 2018 and a Certificate of Determinations dated as of, and executed by the Mayor on, _____, 2018 (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 2018 B Bonds are issued in fully registered form, are dated _____, 2018, mature on _____ 1 in the years and amounts and bear interest payable each _____ 1 and _____ 1, commencing _____ 1, 201__, all as set forth in the Ordinance.

The Ordinance provides that the Series 2018 B Bonds are being issued by Issuer, to provide funds: (i) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing the following obligations of the District which are secured by either a first or junior lien on the Net Revenues of the District Sewer System: Sewer Refunding Revenues Bonds, 2010 Series A, Sewer Revenue Bonds, 2013 Series A and Sewer Revenue Bonds, Series 2015; (iii) pay engineering, accounting, legal and other

professional fees and other costs related to the acquisition of the District Assets; (iii) fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy from Build America Mutual Assurance Company (the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (v) pay Costs of Issuance of the Series 2018 B Bonds and related costs.

The Series 2018 B Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated _____, 2018 (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 Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation 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 Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation 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 Agreement and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2018 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 Agreement and the Tax Certificate; has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2018 B Bonds; and has issued and delivered the Series 2018 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 Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2018 B Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable special limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the Combined Waterworks and Sewerage System, on a parity with the Prior Bonds and the Series 2018 A Bonds, as defined in the Ordinance, and from the unexpended proceeds of the Series 2018 B Bonds. The Series 2018 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 2018 B Bonds of said issue, and in our opinion, said Series 2018 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 2018 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 2018 B Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations for the taxable years that began prior to January 1, 2018. Ownership of tax-exempt obligations, including the Series 2018 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 2018 B Bonds. Prospective purchasers of the Series 2018 B Bonds should consult their own tax advisors as to such consequences.

The Issuer has designated the Series 2018 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

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 2018 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 2018 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 2018 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2018 B Bonds.

7. Under the Act, the Series 2018 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 2018 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 2018 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2018 B Bonds and the enforceability of the Series 2018 B Bonds, the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the Official Statement prepared and used in connection with the offering and sale of the Series 2018 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

CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B
(BANK QUALIFED)

BOND ORDINANCE

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CITY OF CHARLES TOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION 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 $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFED); 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 design, acquisition, construction and equipping 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, the City has entered into an Asset Purchase Agreement (the "Agreement") with Jefferson County Public Service District (the "District") whereby the City has agreed to acquire the assets of the sanitary sewerage collection and treatment system of the District (collectively, the "District Sewer System") and the assets of the potable water distribution and storage system of the District (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets").

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to assume certain water revenue bonds of the District which are secured by the Net Revenues of the District Water System, specifically, the:

(i) Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the original aggregate principal amount of $985,350 (the "District 2014 A Bonds" or the "District Water Bonds").

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to assume certain sewer revenue bonds of the District which are secured by the Net Revenues of the District Sewer System, specifically:

(i) Sewer Revenue Bonds, Series 1988 B, dated May 5, 1988, issued in the original aggregate principal amount of $425,767 (the "District 1988 B Bonds");

(ii) Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089 (the "District 1998 B Bonds");

(iii) Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039 (the "District 1998 C Bonds");

(iv) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363 (the "District 1999 A Bonds");

(v) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $1,154,889 (the "District 2000 A Bonds"); and

(vi) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the original aggregate principal amount of $2,005,000 (the "District 2008 A Bonds").

Collectively, the District 1988 B Bonds, District 1998 B Bonds, District 1998 C Bonds, District 1999 A Bonds, District 2000 A Bonds and District 2008 A Bonds are referred to as the "District Sewer Bonds."

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to (i) pay the entire outstanding principal amount of and interest due on (hereinafter "Pay in Full" or "Payment in Full"), or (ii) deposit with the Paying Agent monies sufficient to pay the outstanding principal amount of and interest due on the earliest call date (hereinafter, "Defease" or "Defeasance"), certain obligations of the District which are either secured by first or junior lien on the Net Revenues of the District Sewer System, specifically:

(i) Sewer Refunding Revenue Bonds, 2010 Series A, dated June 24, 2010, issued in the original principal amount of $1,895,000 and outstanding in the aggregate principal amount of $_____ as of June 30, 2018 (the "District 2010 A Bonds");

(ii) Sewer Revenue Bonds, 2013 Series A, dated June 14, 2013, issued in the original aggregate principal amount of $1,660,000 and outstanding in the aggregate principal amount of $_____ as of June 30, 2018 (the "District 2013 A Bonds"); and

(iii) Sewer Revenue Bond (Sewer Project Development), Series 2015, dated November 3, 2015, issued in the original principal amount of $660,000 and outstanding in the aggregate principal amount of $_____ as of June 30, 2018 (the "District 2015 Bonds").

WHEREAS, contemporaneously with the enactment of this Ordinance, the Common Council of the City is considering the enactment of an Ordinance ("Series 2018 A Ordinance") through which the District Sewer Revenue Bonds and District Water Bonds, upon the transfer of the District Assets to the City and the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, will be (i) assumed by the City, (ii) amended and re-stated to provide security to the bondholder in the Gross Revenues of the System on a parity with the Prior Bonds (as hereinafter defined) and the Series 2018 B Bonds authorized herein; and (iii) be re-designated as follows:

(i) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority)" (the "Series 2018 A-1 Bonds");

(ii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program)" (the "Series 2018 A-2 Bonds");

(iii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund)" (the "Series 2018 A-3 Bonds");

(iv) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program)" (the "Series 2018 A-4 Bonds");

(v) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program)" (the "Series 2018 A-5 Bonds");

(vi) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program)" (the "Series 2018 A-6 Bonds"); and

(vii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), (the "Series 2018 A-7 Bonds").

Collectively, the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are collectively referred to herein as the "Series 2018 A Bonds".

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, specifically including but not

limited to, the acquisition of the District Sewer System, the payment of consideration to the District in an amount equal to the monies necessary to Pay in Full or Defease the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the District Assets, including the Project, when acquired by the City, and any further extensions, additions, betterments and improvements thereto are herein called the "System");

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition of the District Assets and the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, 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 acquisition of the District Sewer System, the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets 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 2018 B (Bank Qualified) (the "Series 2018 B Bonds"), such Series 2018 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 2018 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 2018 B Bonds.

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

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

"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 2018 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 2018 B Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2018 B Bonds.

"Bond Year" means with respect to each series of the Series 2018 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 2018 B Bonds, the Prior Bonds, the Series 2018 A 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 2018 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2018 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 any independent qualified engineer or engineers or firm or firms of engineers that shall currently, or any time hereafter, be retained by the Issuer or the Board 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.

"District Bonds" means collectively the District Sewer Bonds and the District Water Bonds.

"District Sewer Bonds" means the Jefferson County Public Service District's: (i) Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated May 5, 1998, issued in the original aggregate principal amount of $425,767; (ii) Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089; (iii) Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039; (iv) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363; (v) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the aggregate principal amount of $1,154,889; and (vi) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the aggregate principal amount of $2,005,000.

"District Water Bonds" means the Jefferson County Public Service District's Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the aggregate principal amount of $985,350.

"District 1988 B Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated May 5, 1998, issued in the original aggregate principal amount of $425,767.

"District 1998 B Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089.

"District 1998 C Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039.

"District 1999 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363.

"District 2000 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the aggregate principal amount of $1,154,889.

"District 2008 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the aggregate principal amount of $2,005,000.

"District 2014 A Bonds" Jefferson County Public Service District's Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the aggregate principal amount of $985,350.

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

"DTC-eligible" means, with respect to the Series 2018 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 or the Board 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 2018 B Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2018 B Bonds in accordance with the terms thereof.

"Municipal Advisor" means any registered and licensed municipal advisor or firm of municipal advisors that shall at any time be retained by the Issuer or the Board to provide financial advice related to the Series 2018 B Bonds, the Prior Bonds, the Series 2018 A Bonds or hereinafter issued Additional Parity Bonds, and shall initially mean Compass Municipal Advisors, LLC.

"Net Proceeds" means the face amount of the Series 2018 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 2018 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 2018 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 2018 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2018 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 2018 B Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2018 B Bonds, the Series 2018 A Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond 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 for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2018 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 respective ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, specifically including but not limited to, the acquisition of the District Sewer System, the payment of consideration to the District in an amount equal to the monies necessary to Pay in Full or Defease the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets

"Purchase Price" for the purpose of computation of the Yield of the Series 2018 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 2018 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2018 B Bonds of each maturity is sold or, if the Series 2018 B Bonds are privately placed, the price paid by the first buyer of the Series 2018 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 2018 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 2018 B Bonds.

"Qualified Investments" means and includes all investments permitted to be made by a municipality and political subdivision under the laws of the State, as enacted as of the date of enactment of this Bond Ordinance in West Virginia Code § 8-13-22a and 8-22-22a, and as may be amended or modified from time to time. In the event that the laws of the State would cease to provide guidance on permissible investments, the last applicable law of the State shall control such investments.

"Record Date" means the date or dates which shall be so stated in the Series 2018 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 2018 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, 2018, issued in the aggregate principal amount of $7,695,000.

"Series 2018 A Bonds" means, collectively, the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds.

"Series 2018 A-1 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority), originally the District 1988 B Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-2 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-3 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund), originally the District 1998 C Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-4 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-5 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), originally the District 2000 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-6 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program) originally the District Series 2008 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-7 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), of the Issuer, authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2018 B Bonds Costs of Issuance Fund" means the Series 2018 B Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2018 B Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2018 B Bonds Reserve Account" means the Series 2018 B Bonds Reserve Account created in the Series 2018 B Bonds Sinking Fund by Section 4.02 hereof.

"Series 2018 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2018 B Bonds, (ii) Maximum Annual Debt

Service at the time of original issuance of the Series 2018 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2018 B Bonds.

"Series 2018 B Bonds Sinking Fund" means the Series 2018 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2018 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 2018 B Bonds and authorizing the sale of the Series 2018 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 2018 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 District Assets upon acquisition thereof 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, specifically excluding, however, any additions, betterments or improvements thereto which are leased from the Charles Town Building Commission.

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2018 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 approvals from the Public Service Commission of West Virginia and the Common Council of the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), in one or more series in the aggregate principal amount of not more than $4,000,000 to permanently finance the costs 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 2018 B Bonds prior to and during acquisition and for a period not exceeding 6 months after completion of acquisition of the Project; amounts which may be deposited in the Series 2018 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, debt service reserve 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 2018 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 2018 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 2018 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 2018 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");

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");

23. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1(West Virginia Water Development Authority), originally the District 1988 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-1 Bonds");

24. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-2 Bonds");

25. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3

(West Virginia Infrastructure Fund), originally the District 1998 C Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-3 Bonds");

26. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-4 Bonds);

27. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-5 Bonds);

28. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program), originally the District 2008 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-6 Bonds"); and

29. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-7 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 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are hereinafter collectively called the "Series 2018 A Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances". The ordinance of the Issuer enacted to authorize the assumption, modification and amendment and re-designation of the Series 2018 A Bonds, is here in referred to as the "Series 2018 A Bond Ordinance."

Prior to the issuance of the Series 2018 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 and the Series 2018 A Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds, if required, and Series 2018 A Bonds to the issuance of the Series 2018 B Bonds on a parity with such Prior Bonds and Series 2018 A Bonds. The Series 2013 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2016 A Bonds and Series 2016 B Bonds do not require written consent.

Other than the Prior Bonds and the Series 2018 A Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer intends to issue the Series 2018 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 and the Series 2018 A 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 2018 B Bonds, and the Prior Bonds and Series 2018 A Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2018 B Bonds and the Prior Bonds and Series 2018 A 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, the Prior Ordinances and the Series 2018 A Bond Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2018 B Bonds, and secure the Series 2018 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2018 B Bonds Reserve Account, unexpended proceeds of the Series 2018 B Bonds and as further set forth herein.

J. The Series 2018 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 2018 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 2018 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 2018 B Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2018 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 and operation of the Project and the System and issuance of the Series 2018 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 2018 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 THE PROJECT

Section 2.01. Authorization of the Project. There is hereby authorized and ordered the acquisition of the Project, at an estimated cost of not more than $4,000,000. The proceeds of the Series 2018 B Bonds hereby authorized shall be applied as provided herein. The Series 2018 B Bonds are

hereby authorized, to be issued in one or more series, in the aggregate principal amount of not more than $4,000,000.

ARTICLE III

THE SERIES 2018 B BONDS

Section 3.01. Form and Payment of Bonds. No Series 2018 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2018 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2018 B Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2018 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2018 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 2018 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 2018 B Bonds shall be in default, Bonds issued in exchange for Series 2018 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 2018 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bond in the principal amount of said Series 2018 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2018 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 2018 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 2018 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 2018 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 2018 B Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2018 B BONDS attached hereto and incorporated herein by reference with respect to the Series 2018 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2018 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 2018 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 2018 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2018 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 2018 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2018 B Bonds. The Series 2018 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 2018 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 2018 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 2018 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2018 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2018 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 2018 B Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2018 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 2018 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2018 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 2018 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 or electronic transmission at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer and the registered owner of the Series 2018 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 2018 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 2018 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 2018 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds. For the purposes of paying a portion of the costs of the Project, paying capitalized interest, if any, funding the Series 2018 B Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2018 B Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $4,000,000. Said Series 2018 B Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank

Qualified)" 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 2018 B Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2018 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2018 B Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $4,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 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 2018 B Bonds. A. The Series 2018 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2018 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 2018 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 2018 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2018 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 2018 B Bond or any other evidence of ownership of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2018 B Bonds so redeemed, but DTC may retain such Series 2018 B Bonds and make an appropriate notation on the Series 2018 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 2018 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 2018 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 2018 B Bonds, selecting the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2018 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 2018 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 2018 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 2018 B Bonds.

Section 3.12. Delivery of Series 2018 B Bonds. The Issuer shall execute and deliver the Series 2018 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds. The definitive Series 2018 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2018 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 2018 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2018 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 2018 B Bonds. Upon the issuance and delivery of the Series 2018 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued, if any, on the Series 2018 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2018 B Bonds Sinking Fund and applied to payment of interest on the Series 2018 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2018 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 2018 B Bonds Reserve Account; provided, that to the extent the Series 2018 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 2018 B Bonds shall be deposited in the Series 2018 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2018 B Bonds Reserve Requirement.

3. The amount of Series 2018 B Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2018 B Bonds shall be deposited with the Depository Bank in the Series 2018 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 2018 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 2018 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2018 B Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2018 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 2018 B Bonds from which such proceeds are derived.

4. The balance of Series 2018 B Bonds proceeds, if any, shall be deposited in the Series 2018 B Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2018 B Bonds Construction Fund. Disbursements from the Series 2018 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2018 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 of the Project. Pending such application, monies in the Series 2018 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 2018 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 2018 A-1 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(46) Series 2018 A-1 Bonds Reserve Account (established Series 2018 A Ordinance);

(47) Series 2018 A-2 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(48) Series 2018 A-2 Bonds Reserve Account (established Series 2018 A Ordinance);

(49) Series 2018 A-3 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(50) Series 2018 A-3 Bonds Reserve Account (established Series 2018 A Ordinance);

(51) Series 2018 A-4 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(52) Series 2018 A-4 Bonds Reserve Account (established Series 2018 A Ordinance);

(53) Series 2018 A-5 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(54) Series 2018 A-5 Bonds Reserve Account (established Series 2018 A Ordinance);

(55) Series 2018 A-6 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(56) Series 2018 A-6 Bonds Reserve Account (established Series 2018 A Ordinance);

(57) Series 2018 A-7 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(58) Series 2018 A-7 Bonds Reserve Account (established Series 2018 A Ordinance);

(59) Series 2018 B Bonds Sinking Fund; and

(60) Series 2018 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2018 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 and Series 2018 A Ordinance 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 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2016 A Bonds, Series 2016 B Bonds, Series 2018 A-3 Bonds and Series 2018 A-7; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2018 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2018 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2018 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 2018 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 2018 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2018 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2018 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2018 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 and Series 2018 A Ordinance to pay principal on the Prior Bonds and Series 2018 A Bonds; and (ii) for deposit in the Series 2018 B Bonds Sinking Fund (and in the Series 2018 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 2018 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2018 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2018 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 2018 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 2018 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 2018 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 and Series 2018 A Bonds to be deposited in the respective Prior Bonds Reserve Accounts and Series 2018 A Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2018 B Bonds or upon completion of construction of the Project, whichever is earlier, if not

fully funded upon issuance of the Series 2018 B Bonds, for deposit in the Series 2018 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2018 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2018 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 2018 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2018 B Bonds Reserve Account, as a result of a decrease in value of the Series 2018 B Bonds Reserve Account below the Series 2018 B Bonds Reserve Account Requirement or any withdrawal from the Series 2018 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2018 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2018 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 2018 B Bonds Reserve Account is less than the Series 2018 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2018 B Bonds Reserve Account for deposit into the Series 2018 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 2018 B Bonds Reserve Account to an amount equal to the Series 2018 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2018 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 2018 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 2018 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2018 B Reserve Account Requirement.

Amounts in the Series 2018 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2018 B Bonds when due, when amounts in the Series 2018 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay 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 set forth in the Prior Ordinances and the Series 2018 A Ordinance 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 2018 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 2018 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, the Series 2018 A Bonds and the Series 2018 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 2018 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 2018 B Bonds Reserve Account to the Series 2018 B Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2018 B Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2018 B Bonds Reserve Account an amount at least equal to the Series 2018 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 2018 B Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2018 B Bonds Reserve Account shall, at any time, be less than the applicable Series 2018 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 2018 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 2018 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, City Manager 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 2018 B Bonds which would cause the Series 2018 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 2018 B Bonds) so that the interest on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2018 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 2018 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2018 B Bonds or money in the Series 2018 B Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2018 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2018 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 2018 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 the Series 2018 A Bonds and, in the instance of the Series 2018 B Bonds, all monies and securities in the Series 2018 B Bonds Sinking Fund, including the Series 2018 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 2018 B Bonds herein authorized, to make the payments into the Series 2018 B Bonds Sinking Fund, all monies and securities in the Series 2018 B Bonds Sinking Fund, the Series 2018 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, the Series 2018 A Bonds and the Series 2018 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 August 6, 2018 and the sewer rate ordinance of the Issuer enacted August 6, 2018, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2018 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 2018 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 2018 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 or Series 2018 A 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 Series 2018 A Ordinance 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 2018 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 2018 B Bonds including the Prior Bonds and the Series 2018 A 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 120 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 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 and Series 2018 A Ordinance. Additionally, so long as the Series 2018 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 2018 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 $4,000,000 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 $4,000,000, 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 $4,000,000 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 2018 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 2018 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 2018 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2018 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 and Series 2018 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and Series 2018 A Ordinance 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 2018 B Bonds are outstanding, no 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 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 Additional 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, Series 2018 A Ordinance 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 Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants.

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 Additional Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 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 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 Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Additional 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 Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance, the Prior Ordinances and Series 2018 A Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance, the Prior Ordinances and Series 2018 A Ordinance, shall have been made in full as required to the date of issuance of such Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance, the Prior Ordinances and Series 2018 A Ordinance.

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 2018 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 improvements for the System to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price 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 2018 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 2018 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 2018 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 2018 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds and Series 2018 A Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may obtain a Municipal Bond Insurance Policy for the Series 2018 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 2018 B Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2018 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 2018 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 2018 B Bonds during the term thereof is, under the terms of the Series 2018 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 2018 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 2018 B Bonds during the term thereof is, under the terms of the Series 2018 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 2018 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 2018 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 2018 B Bonds or $4,000,000 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2018 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 2018 B Bonds, the first exchange of Series 2018 B Bonds and the exchange of Series 2018 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 2018 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 2018 B Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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:	July 16, 2018
Second Reading:	August 20, 2018
Effective following Public Hearing held on:	September 17, 2018

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 _____, 2018.

[SEAL]

_____

City Clerk

EXHIBIT A – FORM OF SERIES 2018 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 2018 B (BANK QUALIFIED)

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 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of design, acquisition, construction and equipping of the Project; (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds;] (iii) [to fund a reserve account for the Series 2018 B Bonds/to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds] in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on _____, 2018, and supplemented by a supplemental resolution adopted by said Council on _____, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SEIRES 2018 A BONDS".

The Series 2018 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 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of

the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: _____, 2018.

[_____]
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 I

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

(See Attached)

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of _____, 2018, is executed and delivered by and among the City of Charles Town (the "City") and the Charles Town Utility Board ("CTUB" and, collectively with the City, the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual

Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the duly appointed and acting City Manager of the City (the "City Manager") or the City Manager's or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having 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) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed in Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the last day of the fiscal year immediately following the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2018. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination

Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

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, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Tender offers;"

13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

14. "Merger, consolidation, or acquisition of the obligated person, if material;"

15. "Appointment of a successor or additional trustee, if any, or the change of name of a trustee, if any, if material;"

16. "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and

17. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;" other than those communications included in the Rule;

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;" and

10. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "Timing of annual disclosure (120 days);"

3. "change in fiscal year/timing of annual disclosure;"

4. "change in accounting standard;"

5. "interim/additional financial information/operating data;"

6. "budget;"

7. "investment/debt/financial policy;"

8. "information provided to rating agency, credit/liquidity provider or other third party;"

9. "consultant reports;" and

10. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 11:59 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information substantially in the form of the information provided in the Official Statement under the headings "THE COMBINED WATERWORKS AND SEWERAGE SYSTEM," taking into account, however, the acquisition by the City of the Ranson Sewerage System and the District Assets (as such terms are defined in the Official Statement).

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person 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 Obligated Person, 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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 terms, if material;

14. Appointment of a successor or additional trustee, if any, or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided, that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth (10th) business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided, that such date is not later than the tenth (10th) business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of

1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report,

Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty (30) days written notice to the Disclosure Dissemination Agent and the Trustee, if any, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty (30) days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided, neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than twenty (20) days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No

such amendment shall become effective if the Issuer shall, within ten (10) days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws); provided, however, that obligations of the Issuer shall be governed by, and construed and interpreted in accordance with, the laws of the State of West Virginia..

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

CITY OF CHARLES TOWN

By:_____
Name: Scott Rogers
Title: Mayor

CHARLES TOWN UTILITY BOARD

By:_____
Name: Daryl Hennessy
Title: Chairman

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	City of Charles Town (West Virginia)
Obligated Person(s)	_____
Name of Bond Issue:	The City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
Date of Issuance:	_____ __, 2018
Date of Official Statement	_____ __, 2018

CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
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CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	City of Charles Town
Obligated Person:	_____
Name of Bond Issue:	The City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
Date of Issuance:	_____ __, 2018
Date of Disclosure Agreement:	_____ __, 2018
CUSIP Number:	_____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

_____

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

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, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Tender offers;"
13._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14._____"Merger, consolidation, or acquisition of the obligated person, if material;"
15._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16._____"Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
17._____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of **[C10]** _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party; and"
10._____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ __, 2018 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1._____"quarterly/monthly financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"interim/additional financial information/operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

APPENDIX J

BOND INSURANCE

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Series 2018 B Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2018 B Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2018 B 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 and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. 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 Series 2018 B 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 Series 2018 B Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2018 B 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 Series 2018 B Bonds, nor does it guarantee that the rating on the Series 2018 B Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $524 million, $104.1 million and $419.9 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 Series 2018 B Bonds or the advisability of investing in the Series 2018 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".

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 Series 2018 B 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 Series 2018 B Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2018 B Bonds, whether at the initial offering or otherwise.

APPENDIX K

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.

SPECIMEN

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

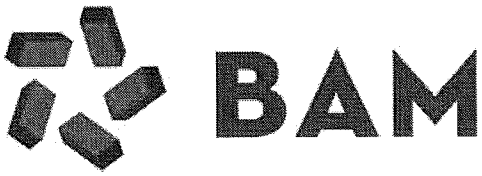
Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX L

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: ISSUER_NAME, STATE_NAME

Policy No:

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date:

BONDS: $_____ in aggregate principal amount of

,

Risk Premium: $_____

Member Surplus Contribution: $_____

Total Insurance Payment: $_____

Maximum 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

SPECIMEN

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

RATINGS: See "Ratings" herein

DAC Bond

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 2018 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 for taxable years beginning before January 1, 2018. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2018 B Bonds and the interest thereon are exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. See West Virginia Code 8-20-5 and "APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION" herein. The above opinions are subject to certain limitations and exceptions. See "TAX MATTERS" herein.

$3,065,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)

Dated: Date of Delivery

Due: As shown on inside front cover

The Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the "Series 2018 B Bonds"), are being issued by the City of Charles Town, West Virginia (the "Issuer" or "City") to provide funds: (i)(a) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds (all as defined herein), and (b) to pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets (collectively, the "Project"); (ii) to fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2018 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2018 B Municipal Bond Insurance Policy") from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) to pay Costs of Issuance of the Series 2018 B Bonds and related costs. The Series 2018 B Bonds Reserve Account shall be funded through the Series 2018 B Reserve Policy issued simultaneously with the delivery of the Series 2018 B Bonds by the Bond Insurer in the amount equal to the Series 2018 B Bonds Reserve Requirement. For a description of the Bond Insurer, the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy, see "SECURITY FOR THE SERIES 2018 B BONDS – Sources of Payment," "APPENDIX J – BOND INSURER," "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY," and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein.

Interest on the Series 2018 B Bonds is payable on each June 1 and December 1, commencing June 1, 2019 (each, a "Payment Date"). So long as the Series 2018 B Bonds are maintained under a book-entry system, payments of the principal of, and premium, if any, and interest on, the Series 2018 B Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owners in accordance with the Series 2018 B Ordinance (as defined herein), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any of the Series 2018 B Bonds. See "THE SERIES 2018 B BONDS" and "APPENDIX E - BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2018 B Bonds are subject to optional redemption prior to maturity as set forth herein. See "THE SERIES 2018 B BONDS – Redemption Provisions for Series 2018 B Bonds" herein.

The Series 2018 B Bonds are limited special obligations of the Issuer payable solely from and secured by the Gross Revenues (herein defined) derived from the combined waterworks and sewerage system of the Issuer, which is managed, operated and maintained by the Charles Town Utility Board ("CTUB"), and any extensions, improvements and betterments thereto, specifically including but not limited to, the District Assets acquired simultaneously with the issuance of the Series 2018 B Bonds (collectively, the "Combined Waterworks and Sewerage System" or "System"), on a parity with the Prior Bonds (defined herein), the Series 2018 A Bonds (defined herein), any Additional Parity Bonds (defined herein) that may hereafter be issued by the Issuer, and from funds on deposit in, and with respect to the Series 2018 B Bonds Reserve Account, the Series 2018 B Reserve Policy pledged to, the Series 2018 B Bonds Reserve Account and the Series 2018 B Bonds Sinking Fund, and the unexpended proceeds of the Series 2018 B Bonds, all as more fully described herein. See "INTRODUCTION – Use of the Series 2018 B Bonds Proceeds" herein.

The Issuer has designated the Series 2018 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. See "TAX MATTERS" herein.

The Series 2018 B Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, and the Issuer shall not be obligated to pay the Series 2018 B Bonds or the interest thereon except from the above-referenced Gross Revenues and the Series 2018 B Bonds Sinking Fund and Series 2018 B Bonds Reserve Account therein. The Series 2018 B Bonds shall not be general obligations of the Issuer. Neither the credit nor the taxing power of the Issuer shall be deemed to be pledged to, nor shall any tax ever be levied for, the payment of the principal of or interest on the Series 2018 B Bonds.

The Series 2018 B Bonds are issued in fully registered form in the denomination of $5,000 principal amount or any integral multiple thereof. Purchasers of the Series 2018 B Bonds will not receive certificates representing their interests in the Series 2018 B Bonds purchased. The Series 2018 B Bonds will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC").

The scheduled payment of principal of and interest on the Series 2018 B Bonds when due will be guaranteed under the Series 2018 B Municipal Bond Insurance Policy to be issued simultaneously with the delivery of the Series 2018 B Bonds by Build America Mutual Assurance Company ("BAM"). For the form of the Series 2018 B Municipal Bond Insurance Policy, see "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

BAM

This cover page contains only a brief description of the Issuer, the Project, and the Series 2018 B Bonds and the security therefor. This cover page is not a summary of this Official Statement. Investors should read the entire Official Statement, including all Appendices, to obtain information essential to the making of an informed investment decision.

The Series 2018 B Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offering, without notice, and to the unqualified approval of legality by Steptoe & Johnson PLLC, Bond Counsel to the Issuer. Steptoe & Johnson PLLC also serves as Disclosure Counsel to the Issuer and CTUB in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Underwriter's Counsel. Certain legal matters will be passed upon for the Issuer by special counsel, Steptoe & Johnson PLLC. Certain legal matters will be passed upon for CTUB by its counsel, Hoy G. Shingleton, Jr., Esquire. Compass Municipal Advisors, LLC, is serving as independent municipal advisor to the Issuer and CTUB. It is expected that the Series 2018 B Bonds will be available for delivery through DTC on or about December 27, 2018.

Dated: December 18, 2018

Crews&Associates
Member First Security Bancorp

$3,065,000
City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified)

MATURITIES, AMOUNTS AND INTEREST RATES

$175,000 Serial Bond

Maturing (June 1)	Principal Amount	Interest Rate (%)	Yield (%)	Price (%)	CUSIP*
2020	$175,000	2.250	2.250	100.000	160028 FR2

$355,000 2.500% Term Bonds due June 1, 2022 at 2.500% Yield 100.000 Price CUSIP*: 160028 FS0
$375,000 2.750% Term Bonds due June 1, 2024 at 2.750% Yield 100.000 Price CUSIP*: 160028 FT8
$400,000 3.000% Term Bonds due June 1, 2026 at 3.050% Yield 99.668 Price CUSIP*: 160028 FU5
$425,000 3.000% Term Bonds due June 1, 2028 at 3.160% Yield 98.702 Price CUSIP*: 160028 FV3
$465,000 3.250% Term Bonds due June 1, 2030 at 3.310% Yield 99.431 Price CUSIP*: 160028 FW1
$870,000 3.500% Term Bonds due June 1, 2033 at 3.560% Yield 99.325 Price CUSIP*: 160028 FX9

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services ("GCS") operated by S&P Capital IQ base and does not serve in any way as a substitute for the CGS. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of investors. Neither the Issuer nor the Underwriter is responsible for the selection or uses of these CUSIP members, and no representation is made as to their correctness on the Series 2018 B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2018 B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of a secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2018 B Bonds.

CITY OF CHARLES TOWN

MAYOR

Scott Rogers, Mayor

COUNCIL

Michael Tolbert
Chester A. Hines
Michael Brittingham
Nick Zaglifa
Ann Paonessa
Todd Coyle
Micheal W. George
Bob Trainor

CITY MANAGER

Daryl Hennessy

SPECIAL COUNSEL TO THE CITY OF CHARLES TOWN

Steptoe & Johnson PLLC

CHARLES TOWN UTILITY BOARD

Daryl Hennessy, Chairman
Pete Kubic
Kevin Tester
Michael Slover
Keith D. Pierson

UTILITY MANAGER OF CHARLES TOWN UTILITY BOARD

Jane E. Arnett, CPA

COUNSEL TO CHARLES TOWN UTILITY BOARD

Hoy G. Shingleton, Jr., Esq.

BOND COUNSEL AND DISCLOSURE COUNSEL

Steptoe & Johnson PLLC

PAYING AGENT

West Virginia Municipal Bond Commission

REGISTRAR

United Bank

UNDERWRITER

Crews & Associates, Inc.

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2018 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 Issuer, CTUB or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the Issuer, CTUB 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 Issuer, CTUB or the Combined Waterworks and Sewerage 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 Issuer, CTUB 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 Issuer, CTUB or the Combined Waterworks and Sewerage System.

The Series 2018 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 Combined Waterworks and Sewerage System, and from the funds on deposit in, and in the case of the Series 2018 B Bonds Reserve Account, the Series 2018 B Reserve Policy pledged to, the Series 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account, and the unexpended proceeds of the Series 2018 B Bonds, all as herein provided. No Holder or Holders of the Series 2018 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2018 B Bonds or the interest thereon.

Bond Insurance Policy

BAM makes no representation regarding the Series 2018 B Bonds or the advisability of investing in the Series 2018 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 "SECURITY FOR THE SERIES 2018 B BONDS – Bond Insurance", "APPENDIX J – BOND INSURER," "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY", and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein.

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," "assumed" 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.

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 Issuer is relying on an exemption from registration by qualification under the West Virginia Securities Act.

The Series 2018 B Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom.

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Series 2018 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 THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 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

$3,065,000

CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)

INTRODUCTION

General

This Official Statement, including the cover page and the Appendices herein, is provided to set forth certain information concerning the issuance by the City of Charles Town, a political subdivision and municipal corporation of the State of West Virginia (the "Issuer" or "City"), of $3,065,000 in aggregate principal amount of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the "Series 2018 B Bonds"). The Series 2018 B Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), particularly Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and an ordinance enacted by the Council of the Issuer on September 17, 2018, supplemented by a Supplemental Parameters Resolution adopted by the Council of the Issuer on December 3, 2018, and a Certificate of Determinations executed by the Mayor of the Issuer on December 18, 2018 (said ordinance, as so supplemented, is collectively referred to herein as the "Series 2018 B Ordinance").

Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Series 2018 B Ordinance.

The City of Charles Town

The Issuer is a municipality with a population of approximately 5,800 residents located in Jefferson County, West Virginia. The Issuer, through the Charles Town Utility Board ("CTUB") (hereinafter described), provides potable water treatment, storage and distribution service (collectively, the assets specifically including, but not limited to, real and personal property associated with providing such service, as presently and hereafter existing, including the District Water System once acquired, the "Water System") and sanitary sewerage collection and treatment service (collectively, the assets specifically including, but not limited to, real and personal property associated with providing such service, as presently and hereafter existing, including the District Sewer System once acquired, the "Sewer System" and together with the Water System, the "Combined Waterworks and Sewerage System" or the "System") to the residents of the Issuer, and to customers located in the City of Ranson and outside the corporate boundaries of the Issuer. Pursuant to the Act, the Issuer enacted an ordinance on March 16, 1998 (as supplemented, the "CTUB Ordinance"), creating CTUB for the purpose of operating, managing and maintaining the Water System and the Sewer System as a combined waterworks and sewerage system under the Act.

Pursuant to the Act, the Issuer, through its City Council, retains the following authority with respect to CTUB and the Combined Waterworks and Sewerage System:

a. Appointment of the members of the Board of Directors of CTUB;

b. Authorization of all changes in rates and charges for the Water System and Sewer System;

c. Issuance of bonds, notes and other debt obligations secured by the Revenues of the Combined Waterworks and Sewerage System;

d. Approval of capital projects for the Water System and Sewer System which are not "in the normal course of business;" and

e. Approval of real property condemnations for the Combined Waterworks and Sewerage System.

The Combined Waterworks and Sewerage System is an "enterprise" of the Issuer and, as such, the Gross Revenues from, and assets of, the Combined Waterworks and Sewerage System may only be used for the purposes of the Combined Waterworks and Sewerage System. Gross Revenues are defined in the Series 2018 B Ordinance as:

> 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). See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

Charles Town Utility Board

CTUB has control over, and is responsible for, all aspects of the management, operation, maintenance, expansion and improvement of the Combined Waterworks and Sewerage System with the exception of the powers specifically reserved to City Council pursuant to the Act, as set forth above. Except as noted, CTUB operates as an independent board of the City, funded entirely from the Gross Revenues of the Combined Waterworks and Sewerage System.

During the fiscal year ended June 30, 2018, CTUB provided, on average, retail potable water service to 6,114 customers each month and retail sewer service to approximately 3,325 customers each month. As of July 1, 2018, the City acquired the public sanitary sewerage system of the City of Ranson (the "Ranson Sewerage System"). During the fiscal year ended June 30, 2018, the Ranson Sewerage System provided, on average, sanitary sewerage service to approximately 1,731 customers each month. Contemporaneously with the issuance of the Series 2018 B Bonds, the City will acquire the District Assets (as defined herein). During the fiscal year ended June 30, 2018, the District provided, on average, potable water service to approximately 116 customers each month and sanitary sewerage service to approximately 2,675 each month. Upon the acquisition of the District Assets contemporaneously with the issuance of the Series 2018 B Bonds, CTUB will provide retail water service to approximately 6,457 customers and retail sewer service to approximately 7,731 customers. See "THE ISSUER AND THE CHARLES TOWN UTILITY BOARD" herein.

Use of the Series 2018 B Bonds Proceeds

The net proceeds from the sale of the Series 2018 B Bonds will be applied as follows: (i)(a) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing to January 18, 2019, the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds (all as defined herein), and (b) to pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets (collectively, the "Project"); (ii) to fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2018 B Reserve Policy") from Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2018 B Municipal Bond Insurance Policy") from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) to pay Costs of Issuance of the Series 2018 B Bonds and related costs. See "PURPOSE AND PLAN OF FINANCING" herein.

The portion of the proceeds of the Series 2018 B Bonds to be used to finance the Costs of the Project shall be applied, as applicable, to: (i) the sinking fund established for the District 2010 A Bonds and held by the West Virginia Municipal Bond Commission (the "Commission") in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2010 A Bonds on January 18, 2019; (ii) the sinking fund established for the District 2013 A Bonds and held by the Commission in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2013 A Bonds on January 18, 2019; and (iii) the payment on the Closing Date to the holder of the District 2015 Bonds an amount sufficient to pay in full the outstanding principal of, and

interest on, the District 2015 Bonds. The proceeds of the Series 2018 B Bonds will be invested in Permitted Investments pursuant to the Series 2018 B Ordinance.

Security and Sources of Payment for the Series 2018 B Bonds

The Series 2018 B Bonds are payable solely from and secured by the Gross Revenues derived from the Combined Waterworks and Sewerage System of the Issuer, on a parity with the Series 2018 A Bonds (defined herein), the Prior Bonds (hereinafter defined) and any Additional Parity Bonds (hereinafter defined) that may hereafter be issued by the Issuer as permitted by the Series 2018 B Ordinance (the Series 2018 B Bonds, the Series 2018 A Bonds, the Prior Bonds and any such Additional Parity Bonds, are collectively referred to herein as the "Bonds"), from the unexpended proceeds of the Series 2018 B Bonds, and from funds on deposit in the Series 2018 B Bonds Sinking Fund, and the Series 2018 B Reserve Policy pledged to, and any funds on deposit in, the Series 2018 B Bonds Reserve Account, established for the Series 2018 B Bonds pursuant to the Series 2018 B Ordinance. Additionally, the payment of the principal of and interest on the Series 2018 B Bonds when due will be guaranteed under the Series 2018 B Municipal Bond Insurance Policy to be issued by BAM. See "APPENDIX J – BOND INSURER" and "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

The Series 2018 B Bonds are limited special obligations of the Issuer. The Series 2018 B Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation on indebtedness, and the Issuer shall not be obligated to pay the principal of the Series 2018 B Bonds, or the interest or premium, if any, thereon, except from the Gross Revenues and funds on deposit in the Series 2018 B Bonds Sinking Fund, the Series 2018 B Bonds Reserve Account established therefor, and the unexpended proceeds of the Series 2018 B Bonds. Pursuant to the Series 2018 B Ordinance, the Issuer has covenanted and agreed that the schedule or schedules of rates and charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 115% of the Maximum Annual Debt Service on the Bonds then outstanding in any Fiscal Year. See "SECURITY FOR THE SERIES 2018 B BONDS – Rate Covenant" herein.

The Series 2018 B Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described under the heading "THE SERIES 2018 B BONDS" herein. The Series 2018 B Bonds will initially be maintained under a book-entry system. So long as the Series 2018 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 2018 B Bonds shall be determined as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued for any reason, principal of, and interest and premium, if any, on the Series 2018 B Bonds will be payable by the Commission, as paying agent (the "Paying Agent") to the owners thereof at the address appearing in the books kept by United Bank, Charleston, West Virginia as 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 2018 B BONDS" herein and "APPENDIX H –SERIES 2018 B ORDINANCE" herein.

There are outstanding obligations of the Issuer which will rank on parity with the Series 2018 B Bonds as to lien, pledge, source of and security for payment. See "SECURITY FOR THE SERIES 2018 B BONDS" herein. The Issuer may issue additional bonds on parity with the Series 2018 B Bonds, the Series 2018 A Bonds, and the Prior Bonds ("Additional Parity Bonds") for the purpose of financing the costs of design, acquisition, construction and/or equipping of additions, betterments or improvements to the Combined Waterworks and Sewerage System, to refund all or a portion of one or more series of Bonds, to pay claims which may exist against the revenues or facilities of the Combined Waterworks and Sewerage System or all of such purposes, subject in each case to certain tests and conditions provided for in the Series 2018 B Ordinance, the Series 2018 A Ordinance (defined herein), and the Prior Ordinances (as defined herein). See "SECURITY FOR THE SERIES 2018 B BONDS – Additional Parity Bonds" herein.

Brief descriptions of the Series 2018 B Bonds, the Project, the Combined Waterworks and Sewerage System, the Series 2018 B Ordinance, certain provisions of the Act and the Undertaking (hereinafter defined) are set forth in this Official Statement, as well as other information in the Appendices herein. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Series 2018 B Ordinance, the Undertaking, the Act and other documents, statutes, reports or instruments are qualified in their entirety by reference to such documents, statutes, reports or instruments. References herein to the Series 2018 B Bonds are qualified in their entirety by reference to the form thereof included in the Series 2018 B Ordinance and the information with respect thereto included in the aforesaid documents. See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

PURPOSE AND PLAN OF FINANCING

The Project

The Series 2018 B Bonds are being issued to: (i)(a) acquire from the District the District Assets and as consideration therefore pay in full or defease the following obligations of the District which are secured by either a first or junior lien on the net revenues of the District Sewer System: Sewer Refunding Revenue Bonds, 2010 Series A (the "District 2010 A Bonds"), Sewer Revenue Bonds, 2013 Series A (the "District 2013 A Bonds") and Sewer Revenue Bonds, Series 2015 (the "District 2015 Bonds") and (b) pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets; (ii) fund the Series 2018 B Bonds Reserve Account through the purchase of the Series 2018 B Reserve Policy in an amount equal to the Series 2018 B Bonds Reserve Account from the Bond Insurer; (iii) pay the premium for the Series 2018 B Municipal Bond Insurance Policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) pay Costs of Issuance of the Series 2018 B Bonds and related costs.

Contemporaneously with the acquisition of the District Assets by the City, the City will, pursuant to an Ordinance enacted by City Council on September 17, 2018, as supplemented by a Supplemental Resolution adopted on December 3, 2018 (collectively, the "Series 2018 A Ordinance"), assume certain sewer revenue bonds of the District which are held by the West Virginia Water Development Authority (the "WDA") on its own behalf or as agent of the West Virginia Infrastructure and Jobs Development Council and the West Virginia Department of Environmental Protection State Revolving Fund. Specifically, the City will assume the following sewer revenue bonds of the District which until the date of acquisition of the District Sewer System by the City are secured by the net revenues of the District Sewer System:

(i) Sewer Revenue Bonds, Series 1988 B (the "District 1988 B Bonds");

(ii) Sewer Revenue Bonds, Series 1998 B (the "District 1998 B Bonds");

(iii) Sewer Revenue Bonds, Series 1998 C (the "District 1998 C Bonds");

(iv) Sewer Revenue Bonds, Series 1999 A (the "District 1999 A Bonds");

(v) Sewer Revenue Bonds, Series 2000 A (the "District 2000 A Bonds"); and

(vi) Sewer Revenue Bonds, Series 2008 A (the "District 2008 A Bonds" and collectively with the District 1988 B Bonds, the District 1998 B Bonds, the District 1998 C Bonds, the District 1999 A Bonds, and the District 2000 A Bonds, the "District Sewer Bonds").

Contemporaneously with the acquisition of the District Assets by the City, the City will also, pursuant to the Series 2018 A Ordinance, assume a water revenue bond of the District which is held by the WDA as agent of the West Virginia Bureau of Public Health Drinking Water Trust Revolving Fund. Specifically, the City will assume the following water revenue bond of the District which until the date of acquisition of the District Water System by the City is secured by the net revenues of the District Water System;

(i) Water Revenue Bonds, Series 2014 A (the "District 2014 A Bonds" or the "District Water Bonds").

Pursuant to the Series 2018 A Ordinance and with the consent of the WDA, the District Sewer Bonds and the District Water Bonds will be amended and restated to provide security to the bondholder in the Gross Revenues of the Combined Waterworks and Sewerage System on a parity with the Prior Bonds (as hereinafter defined), the Series 2018 B Bonds and any Additional Parity Bonds and will be re-designated as follows:

(i) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority)" (the "Series 2018 A-1 Bonds");

(ii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program)" (the "Series 2018 A-2 Bonds");

(iii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund)" (the "Series 2018 A-3 Bonds");

(iv) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program)" (the "Series 2018 A-4 Bonds");

(v) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program)" (the "Series 2018 A-5 Bonds");

(vi) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program)" (the "Series 2018 A-6 Bonds"); and

(vii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), (the "Series 2018 A-7 Bonds" and collectively with the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds and the Series 2018 A-6 Bonds, the "Series 2018 A Bonds").

Proceeds of the Series 2018 B Bonds shall, on the closing date, be applied to: (i) the sinking fund established for the District 2010 A Bonds and held by the Commission in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2010 A Bonds on January 18, 2019; (ii) the sinking fund established for the District 2013 A Bonds and held by the Commission in an amount sufficient, when combined with the funds on deposit in the sinking fund, and the debt service reserve fund established therein, to pay the entire outstanding principal of, and interest on, the District 2013 A Bonds on January 18, 2019; and (iii) the payment on the Closing Date to the holder of the District 2015 Bonds an amount sufficient to pay in full the outstanding principal of, and interest on, the District 2015 Bonds.

All required approvals and consents for the acquisition of the District Assets and the assumption and re-designation of the District Sewer Bonds and the District Water Bonds have been obtained, specifically including, but not limited to, the approval of the Public Service Commission of West Virginia, as well as the WDA as the holder of the District Sewer Bonds and the District Water Bonds.

The remaining proceeds of the Series 2018 A Bonds will be used to (i) pay, or reimburse CTUB for, costs associated with the acquisition of the District Assets, specifically including, but not limited to, engineering fees, accounting fees, legal fees, permit fees and other costs necessary and required to permit the acquisition; (ii) fund the Series 2018 B Bonds Reserve Account through the purchase the Series 2018 B Reserve Policy the Bond Insurer; (iii) pay the premium for the Series 2018 B Municipal Bond Insurance Policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) pay costs of issuance of the Series 2018 B Bonds.

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SOURCES AND USES OF FUNDS

The following table sets forth a summary of the estimated sources and uses of funds relating to the issuance of the Series 2018 B Bonds and the funding of the Project.

Sources of Funds:	
Par Amount of Series 2018 B Bonds	$3,065,000.00
Net Original Issue Discount	(15,362.85)
Transfer from District 2010 A Bonds DSR Fund	156,088.53
Transfer from District 2010 A Bonds Sinking Fund	48,381.98
Transfer from District 2013 A Bonds DSR Fund	148,119.27
Transfer from District 2013 A Bonds Sinking Fund	68,951.85
Total Sources of Funds:	**$3,471,178.78**
Uses of Funds:	
Deposit Discharge Amount to District 2010 A Bonds Sinking Fund	$1,220,059.88
Deposit Discharge Amount to District 2013 A Bonds Sinking Fund	1,195,496.39
Remit Discharge Amount to Holder of District 2015 Bonds	551,829.32
Remit Bond Insurance Premium to Bond Insurer	19,606.35
Remit Surety Bond Premium to Bond Insurer	9,961.25
Deposit to CTUB for Acquisition Costs	250,000.00
Remit Costs of Issuance (1)	224,225.59
Total Uses of Funds:	**$3,471,178.78**

(1) Includes Underwriter's discount, Bond Counsel fees, Disclosure Counsel fees, Underwriter's Counsel fees, Registrar fees, Disclosure Agent fees, Municipal Advisor fees, rounding amount and other costs associated with the issuance of the Series 2018 B Bonds.

See "DEBT SERVICE REQUIREMENTS" herein for a discussion of the structure of, and debt service payable on, the Series 2018 B Bonds.

THE SERIES 2018 B BONDS

General

The Series 2018 B Bonds are dated the date of delivery. All Series 2018 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 2018 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 2018 B Bonds shall be in default, Series 2018 B Bonds issued in exchange for Series 2018 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 2018 B Bonds so surrendered. The Series 2018 B Bonds will bear interest from their date, payable semiannually on each June 1 and December 1 in each year (each an "Interest Payment Date"), commencing June 1, 2019, until maturity or until the date fixed for redemption if a Series 2018 B Bond is called for prior redemption and payment on such date as provided for.

Redemption Provisions for Series 2018 B Bonds

Optional Redemption

The Series 2018 B Bonds maturing on and after June 1, 2024 are subject to redemption at par (or at a redemption price of 100%), at the option of the Issuer on or after June 1, 2023, in whole or in part, at any time by lot, at an amount of the principal amount, plus interest, if any, accrued to the date fixed for redemption.

Mandatory Redemption

The Series 2018 B Bonds maturing June 1, 2022, are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on June 1 of the following years in the following amounts:

Year	Principal Amount
2021	$175,000
2022*	$180,000

* Final Maturity

The Series 2018 B Bonds maturing June 1, 2024 are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on June 1 of the following years in the following amounts:

Year	Principal Amount
2023	$185,000
2024*	$190,000

* Final Maturity

The Series 2018 B Bonds maturing June 1, 2026, are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on June 1 of the following years in the following amounts:

Year	Principal Amount
2025	$195,000
2026*	$205,000

* Final Maturity

The Series 2018 B Bonds maturing June 1, 2028 are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on June 1 of the following years in the following amounts:

Year	Principal Amount
2027	$210,000
2028*	$215,000

* Final Maturity

The Series 2018 B Bonds maturing June 1, 2030, are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on June 1 of the following years in the following amounts:

Year	Principal Amount
2029	$220,000
2030*	$245,000

* Final Maturity

The Series 2018 B Bonds maturing June 1, 2033 are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on June 1 of the following years in the following amounts:

Year	Principal Amount
2031	$260,000
2032	$290,000
2033*	$320,000

* Final Maturity

Notice of Redemption

Unless waived by any holder of the Series 2018 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 or electronic transmission, or in such other manner as is customary in the municipal finance industry at the time of such redemption, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2018 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 Registrar.

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

(1) The redemption date,

(2) The redemption price,

(3) If less than all outstanding Series 2018 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2018 B Bonds to be redeemed,

(4) That on the redemption date the redemption price and interest accrued will become due and payable upon each such Series 2018 B 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 Series 2018 B 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 2018 B Bonds called for optional redemption have not been deposited with the Paying Agent at the time of 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 2018 B Bonds called for redemption of such fact.

Book-Entry Only System

The Series 2018 B Bonds will be issued as fully registered Series 2018 B Bonds without coupons, in denominations of $5,000 or any integral multiples thereof for any year of maturity. Interest on the Series 2018 B Bonds shall be payable by check or draft made payable and mailed by the Paying Agent, to the Registered Owner thereof as of the applicable Record Date (each May 15 and November 15) or, at the option of any Registered Owner of $1,000,000 or more of the Series 2018 B Bonds, by electronic or wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such Registered Owner. Principal of, and interest and premium, if any, on, the Series 2018 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 thereof at the principal corporate trust office of the Paying Agent.

Ownership of any Series 2018 B Bond may be transferred only by transfer of registration presented to the Registrar 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 his duly authorized attorney or legal representative. Upon any such transfer of a Series 2018 B Bond, there will be issued another Series 2018 B Bond or Series 2018 B Bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred Series 2018 B Bond and of the same series, interest rate and maturity of said transferred Series 2018 B Bond. For every exchange or transfer of Series 2018 B Bonds, the Registrar may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Any applicable tax, governmental charge or charge to reimburse the Registrar for any tax or governmental charge shall be paid by the person requesting such exchange or transfer 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 2018 B Bonds that have been called for redemption.

Purchasers of the Series 2018 B Bonds will not receive certificates representing their interests in the Series 2018 B Bonds purchased. The Series 2018 B Bonds are available in book-entry form only and will be registered in the name of "Cede & Co." See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" herein. So long as Cede & Co. is the registered owner of the Series 2018 B Bonds as nominee of The Depository Trust Company, New York, New York ("DTC"), references herein to the Bondholders or registered owners of the Series 2018 B Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2018 B Bonds.

Neither the Issuer nor CTUB can or does give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2018 B Bonds (1) payments of principal of or interest and premium, if any, on the Series 2018 B Bonds, (2) confirmation of beneficial ownership interest in the Series 2018 B Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2018 B Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

None of the Issuer, CTUB or the Paying Agent shall have any responsibility or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Participant, (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of or interest on the Series 2018 B Bonds, (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Series 2018 B Ordinance to be given to Bondholders, or (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2018 B Bonds.

SECURITY FOR THE SERIES 2018 B BONDS

The Series 2018 B Bonds are limited special obligations of the Issuer and are payable as to principal, premium, if any, and interest solely from the sources described below. Neither the Issuer nor CTUB is under any obligation to pay the Series 2018 B Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2018 B Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Gross Revenues derived from the Combined Waterworks and Sewerage System, on a parity with the Prior Bonds (as hereafter defined), the Series 2018 A Bonds and any Additional Parity Bonds that may hereafter be issued by the Issuer as permitted by the Series 2018 B Ordinance, and the unexpended proceeds of the Series 2018 B Bonds. The Series 2018 B Bonds are also payable from the funds on deposit in the Series 2018 B Bonds Sinking Fund, and the Series 2018 B Reserve Policy pledged to, and any funds on deposit in, the Series 2018 B Bonds Reserve Account therein. See "APPENDIX H –SERIES 2018 B ORDINANCE" herein. Gross Revenues derived from the Combined Waterworks and Sewerage System in an amount sufficient to pay the principal of, and premium, if any, and interest on, the Series 2018 B Bonds and to make the payments into the Series 2018 B Bonds Sinking Fund and to pay all other payments provided for in the Series 2018 B Ordinance, and the funds on deposit in the Series 2018 B Bonds Sinking Fund, and the Series 2018 B Reserve Policy pledged to, and any funds on deposit in, the Series 2018 B Bonds Reserve Account therein, are irrevocably pledged to the payment

of the principal of, and premium, if any, and interest on, the Series 2018 B Bonds as the same become due and for other purposes provided in the Series 2018 B Ordinance. See "APPENDIX H – SERIES 2018 B ORDINANCE."

Bond Insurance. The payment of the principal of and interest on the Series 2018 B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2018 B Bonds by Build America Mutual Assurance Company. Information with respect to the Bond Insurer and the Series 2018 B Municipal Bond Insurance Policy is set forth in "APPENDIX J – BOND INSURER" and "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

Rate Covenant

Prior to the issuance of the Series 2018 B Bonds, rates and charges for service from the Water System were approved by ordinance enacted by the City Council on August 6, 2018, and went into effect on August 6, 2018, and the rates and charges for service from the Sewer System were approved by ordinance enacted by the City Council on August 6, 2018, and went into effect on August 6, 2018, all in the manner and form required by law. See "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES" herein. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the Combined Waterworks and Sewerage System sufficient to make the prescribed payments into the funds and accounts created under, or controlled by, the Series 2018 B Ordinance, the Series 2018 A Ordinance, the Prior Ordinances and the ordinances authorizing any hereinafter issued Additional Parity Bonds and to pay all Operating Expenses of the Combined Waterworks and Sewerage System. The Issuer has covenanted that such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenants and agrees in the Series 2018 B Ordinance that the schedule or schedules of rates and charges for the Combined Waterworks and Sewerage System from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year. See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

Series 2018 B Bonds Reserve Account

The Series 2018 B Bonds Reserve Requirement is $306,500.00, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2018 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2018 B Bonds in any Fiscal Year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2018 B Bonds. The Issuer will obtain a municipal bond debt service reserve insurance policy from the Bond Insurer in the amount equal to the Series 2018 B Bonds Reserve Requirement which shall be pledged to the Series 2018 B Bonds Reserve Account (the "Series 2018 B Reserve Policy"). In the event funds in the Series 2018 B Bonds Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2018 B Bonds, the Paying Agent shall submit a "Notice of Nonpayment" to the Bond Insurer, which will, pursuant to the Series 2018 B Reserve Policy, pay the Paying Agent sufficient amounts to make payments of principal of and/or interest on the Series 2018 B Bonds as the same becomes due, subject to the Series 2018 B Reserve Policy. If the Series 2018 B Reserve Policy is not in effect, the Paying Agent shall withdraw cash from the Series 2018 B Bonds Reserve Account for transfer to the Series 2018 B Bonds Sinking Fund.

Information with respect to the Bond Insurer and the Series 2018 B Reserve Policy is set forth in "APPENDIX J – BOND INSURER" and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein. Under the Series 2018 B Reserve Policy, the Issuer is required to repay any draws upon the Series 2018 B Reserve Policy and any administrative expenses incurred by Bond Insurer, together with interest on the draws and the administrative expenses (collectively, the "Policy Costs"). Repayment of the Policy Costs must commence in the first month following each draw on the Series 2018 B Reserve Policy, 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 Series 2018 B Reserve Policy will be reduced by, and to the extent of, any payment made pursuant to the Series 2018 B Reserve Policy. Amounts equal to 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 Series 2018 B Reserve Policy will be increased by a like amount, subject to the terms of the Series 2018 B Reserve Policy. All cash and investments, if any, in the Series 2018 B Bonds Reserve Account shall be transferred to the Series 2018 B Bonds Sinking Fund for payment of the debt service on the Series 2018 B Bonds before any draw may be made on the Series 2018 B

Reserve Policy. The Issuer does not expect there to be any cash or investments in the Series 2018 B Bonds Reserve Account.

If the Series 2018 B Reserve Policy is not in effect, in the event of a transfer from the Series 2018 B Bonds Reserve Account to the Series 2018 B Bonds Sinking Fund as aforesaid, the Issuer shall restore the balance to the Series 2018 B Bonds Reserve Account in an amount up to the Series 2018 B Bonds Reserve Requirement. The transfer of any cash by the Issuer from the Series 2018 B Bonds Reserve Account to the Series 2018 B Bonds Sinking Fund shall be replenished over twelve (12) equal monthly payments.

The Issuer's obligation to repay the Policy Costs or to otherwise replenish the Series 2018 B Bonds Reserve Account will be secured only by the Gross Revenues, as defined in the Series 2018 B Ordinance, derived from the Combined Waterworks and Sewerage System and the funds on deposit in the Renewal and Replacement Fund.

The Issuer shall be required to replace the Series 2018 B Reserve Policy, or fund the Series 2018 B Bonds Reserve Account with cash, only in the event that the Bond Insurer, or its successor or assign, ceases to be licensed by at least one state of the United States of America to provide such Series 2018 B Reserve Policy or similar insurance product. In such event, the Issuer shall have twelve (12) months after becoming aware of such event to either provide a new municipal bond debt service reserve insurance policy for, or deposit sufficient cash in, the Series 2018 B Bonds Reserve Account to satisfy the Series 2018 B Bonds Reserve Requirement therefore.

Working Capital Reserve

Pursuant to Chapter 24, Article 1, Section 1(k) of the Code of West Virginia, 1931, as amended, effective June 12, 2015, the Combined Waterworks and Sewerage 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 "Working Capital Reserve"). The budget adopted by CTUB for the July 1, 2018 to June 30, 2019 Fiscal Year satisfies the requirement to maintain a Working Capital Reserve with funds on deposit in various accounts available for the working capital for the Combined Waterworks and Sewerage System. In the event that any audited or unaudited year-end financial statement of the Combined Waterworks and Sewerage System shall find that the Working Capital Reserve for such Fiscal Year was insufficient, such finding shall not be an event of default with respect to the Series 2018 B Bonds.

Application of Gross Revenues

The entire Gross Revenues derived from the operation of the Combined Waterworks and Sewerage 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 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 Paying Agent (i) the amounts required to be paid by Prior Ordinances and Series 2018 A Ordinance for the interest on the Prior Bonds and Series 2018 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 2018 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2018 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2018 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 2018 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 2018 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2018 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2018 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2018 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 Paying Agent (i) the amounts required by the Prior Ordinances and Series 2018 A Ordinance to pay principal on the Prior Bonds and Series 2018 A Bonds; and (ii) for deposit in the Series 2018 B

Bonds Sinking Fund (and in the Series 2018 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 2018 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2018 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2018 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 2018 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 2018 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 2018 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 Paying Agent (i) the amounts required by the Prior Ordinances and Series 2018 A Ordinance to be deposited in the respective Prior Bonds Reserve Accounts and Series 2018 A Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2018 B Bonds or upon completion of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2018 B Bonds, for deposit in the Series 2018 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2018 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2018 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 2018 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2018 B Bonds Reserve Account, as a result of a decrease in value of the Series 2018 B Bonds Reserve Account below the Series 2018 B Bonds Reserve Account Requirement or any withdrawal from the Series 2018 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2018 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2018 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 2018 B Bonds Reserve Account is less than the Series 2018 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2018 B Bonds Reserve Account for deposit into the Series 2018 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 2018 B Bonds Reserve Account to an amount equal to the Series 2018 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2018 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 2018 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 2018 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2018 B Bonds Reserve Account Requirement.

Amounts in the Series 2018 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2018 B Bonds when due, when amounts in the Series 2018 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the Combined Waterworks and Sewerage 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 set forth in the Prior Ordinances and the Series 2018 A Ordinance 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 of the Series 2018 B Ordinance. Subject to the restrictions contained in the Prior Ordinances and the Series 2018 A Ordinance, so long as the Prior Bonds and the Series 2018 A Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the Combined Waterworks and Sewerage

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 Combined Waterworks and Sewerage System.

Enforcement of Collections

The Issuer covenants in the Series 2018 B Ordinance to diligently enforce and collect all fees, rentals or other charges for the services and facilities of the Combined Waterworks and Sewerage System and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals and other charges that 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. Such fees, rentals and charges, if not paid when due, shall, to the extent allowed by the Act, become a lien on the premises served by the Combined Waterworks and Sewerage System.

The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the Combined Waterworks and Sewerage System and will not restore such services of the Combined Waterworks and Sewerage System until all billing for charges for the services and facilities of the Combined Waterworks and Sewerage System, including penalties and reconnect fees, have been fully paid, or the customer has entered into a payment agreement.

Additional Parity Bonds

So long as the Prior Bonds and the Series 2018 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and the Series 2018 A Ordinance shall be applicable. In addition, no Additional Parity Bonds, as defined herein, payable out of the Gross Revenues of the Combined Waterworks and Sewerage System shall be issued after the issuance of the Series 2018 B Bonds pursuant to the Series 2018 B Ordinance, except under the conditions and in the manner set forth herein.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition, construction or equipping of additions, betterments or improvements for the Combined Waterworks and Sewerage System, refunding all or a portion of one or more series of the Series 2018 B Bonds issued pursuant hereto, the Prior Bonds, the Series 2018 A Bonds, and/or any series of Additional Parity Bonds hereafter issued, paying claims which may exist against the revenues or facilities of the Combined Waterworks and Sewerage 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 the adjustments hereinafter provided for, from the Combined Waterworks and Sewerage System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2018 B Bonds then Outstanding;

(2) The Prior Bonds then Outstanding;

(3) The Series 2018 A Bonds then Outstanding;

(4) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances, the Series 2018 A Ordinance and the Series 2018 B Ordinance then Outstanding; and

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referenced 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 shall have expired (without successful appeal), prior to issuance of such Additional Parity Bonds.

The term "Additional Parity Bonds," as used herein, shall be deemed to mean additional bonds issued under the provisions and within the limitations of the Series 2018 B Ordinance, payable from the Gross Revenues of the Combined Waterworks and Sewerage System on a parity with the Series 2018 B Bonds, the Series 2018 A Bonds and the Prior Bonds, and all the covenants and other provisions of the Series 2018 B Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2018 B Bonds, the Series 2018 A Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with the Series 2018 B Ordinance. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any series of Bonds over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the ordinance authorizing such Additional Parity Bonds required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances.

The term "Additional Parity Bond" 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 2018 B Bonds on such Gross Revenues. The Issuer 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 2018 B Bonds except in the manner and under the conditions provided in the Series 2018 B Ordinance.

No Additional Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Series 2018 B Ordinance, the Series 2018 A Ordinance and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance. See "APPENDIX H – SERIES 2018 B ORDINANCE" herein.

Provided, however, that if the audit by Independent Certified Public Accountants of the System for the Fiscal Year immediately preceding the date of the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in the Series 2018 B Ordinance for the year being audited and the Issuer has, as required by the Series 2018 B Ordinance, enacted a rate ordinance changing the rates and charges for the System to comply with the Series 2018 B Ordinance, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of the Series 2018 B Ordinance, so as to prevent the Issuer from issuing Additional Parity Bonds under the Series 2018 B Ordinance.

The Issuer anticipates that it will from time to time issue Additional Parity Bonds to finance the costs of additions, betterments and improvements to the System and to refinance the Bonds and any hereafter issued Additional Parity Bonds. See "OUTSTANDING INDEBTEDNESS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM – Future Bond Issues" herein.

Special Limited Obligations

The Series 2018 B Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation on indebtedness. No registered owner of any Series 2018 B Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2018 B Bonds or the interest or any premium thereon, or to make any claim against and of the funds or revenues of Issuer, either existing as of the date of issuance of the Series 2018 B Bonds or in the future. CTUB has no taxing power.

BOND INSURANCE AND RESERVE POLICY

The Issuer has applied to, and executed commitments from, the Bond Insurer for the issuance, concurrently with the issuance of the Series 2018 B Bonds, of the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy. Information regarding the Bond Insurer, the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy, specifically including "APPENDIX J – BOND INSURER," "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY," and "APPENDIX L – 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 Issuer or 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 K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX L – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" for specimens of the Series 2018 B Municipal Bond Insurance Policy and the Series 2018 B Reserve Policy, which should be read in their entirety.

Series 2018 B Municipal Bond Insurance Policy

Concurrently with the issuance of the Series 2018 B Bonds, the Bond Insurer will issue the Series 2018 B Municipal Bond Insurance Policy for the benefit of the holders of the Series 2018 B Bonds. The Series 2018 B Municipal Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2018 B Bonds when due as set forth in the form of the Series 2018 B Municipal Bond Insurance Policy included as an appendix in this Official Statement.

The Series 2018 B Municipal Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Series 2018 B Reserve Policy

Concurrently with the issuance of the Series 2018 B Bonds, the Bond Insurer will issue the Series 2018 B Reserve Policy for the Series 2018 B Bonds. The Series 2018 B Reserve Policy is issued in an amount equal to the Series 2018 B Bonds Reserve Requirement and is pledged to the Series 2018 B Bonds Reserve Account.

THE ISSUER AND THE CHARLES TOWN UTILITY BOARD

Following the acquisition of the District Assets, CTUB's service area will include the City of Charles Town, the City of Ranson and unincorporated areas of Jefferson County. The City of Charles Town is the county seat of Jefferson County, located in the eastern panhandle of West Virginia close to the Virginia border. The City is located 73 miles northwest of Washington, D.C. and 75 miles west of Baltimore. The population of Charles Town is approximately 5,800. The City of Ranson is a municipality in Jefferson County located adjacent to the City of Charles Town. The population of Ranson is approximately 4,400. Jefferson County is the easternmost county in the State of West Virginia. Its total population (including the Cities of Charles Town and Ranson) is approximately 53,400.

Jefferson County has consistently experienced among the lowest unemployment rates and the highest population growth rates in the State. Jefferson County also has among the highest per capita personal income in the

State. Major employers in the area include the PNGI Charles Town Gaming, Jefferson County Board of Education, and Shepherd University.

Jefferson County is less than a day's drive from the following metropolitan areas: Washington, D.C., Baltimore, MD, Philadelphia, PA, Pittsburgh, PA, New York, NY, Cleveland, OH, Columbus, OH, and Charlotte, NC. See "APPENDIX A – THE CITY OF CHARLES TOWN (WEST VIRGINIA) ECONOMIC AND DEMOGRAPHIC DATA" herein.

Audited Financial Statements

The Series 2018 B Bonds are payable only from the Gross Revenues of the System, which are pledged to their payment, and the unexpended proceeds of the Series 2018 B Bonds. No other funds of the Issuer are available for payment of, or expected to be used to pay, the principal of, or interest on, the Series 2018 B Bonds. Likewise, the Gross Revenues of the System are not used for other purposes of the Issuer. Accordingly, detailed information regarding the Issuer has not been included in this Official Statement. The audited financial statements of CTUB for the Fiscal Year ended June 30, 2017 are included in Appendix B herein. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CHARLES TOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2017" herein. Additionally, the audited financial statements of the City of Ranson and the District for the Fiscal Year ended June 30, 2017 are included herein in Appendix C and Appendix D, respectively. See "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF RANSON FOR FISCAL YEAR ENDED JUNE 30, 2017" and "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE JEFFERSON COUNTY PUBLIC SERVICE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2017" herein. The City anticipates that the audited financial statements for CTUB, the City of Ranson and the District for the Fiscal Year ended June 30, 2018 will be available by the end of the first quarter of calendar year 2019.

Charles Town Utility Board

CTUB is a board of the City created pursuant to the Act for the express purpose of "supervising and controlling" the Combined Waterworks and Sewerage System of the Issuer to provide potable water and sanitary sewer services directly to the residents of the Issuer and to customers in certain surrounding municipalities and unincorporated areas of Jefferson County. CTUB was created by ordinance enacted on March 16, 1998 by the Council of the Issuer combining the waterworks and sewerage system of the City into a single undertaking. The System as of June 30, 2018 (prior to the acquisition of the Ranson Sewerage System), included retail potable water service to approximately 6,341 connections and retail sewer service to approximately 3,325 service connections.

CTUB's assets are valued at over $25,400,000. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CHARLES TOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2017" herein. These assets include the Charles Town Wastewater Treatment Plant in Charles Town, the Tuscawilla Wastewater Treatment Plant, and the water treatment plant in Charles Town. In addition, the Combined Waterworks and Sewerage System as of June 30, 2018, included approximately 75 miles of water distribution lines and approximately 37 miles of sewerage collection and transmission lines.

CTUB Board of Directors

Pursuant to the Act and the CTUB Ordinance, CTUB is overseen and directed by a Board of Directors (the "Board") appointed by the City Council of the City. The Board consists of five persons, one of whom is the City Manager, one of whom must be either a registered professional engineer or graduate civil engineer. Following the acquisition of the Ranson Sewerage System, one member of the Board must be an individual recommended by the City Council of the City of Ranson. Following the acquisition of the District Assets, one member of the Board will be an individual who resides in the service area of the former District and is recommended by The County Commission of Jefferson County. The remaining Board member must be a citizen and resident of the City, of outstanding reputation, ability and integrity. The Board is responsible for the management, control and operation of the System. The City Manager is, pursuant to the CTUB Ordinance, the chairperson of the Board and the other officers are elected from its members annually. The names and offices of the current members of the Board are set forth below:

Name	Title
Daryl Hennessy	City Manager, Chairman
Pete Kubic	Civil Engineer, Vice Chair
Kevin Tester	Secretary/Treasurer
Michael Slover	Board Member
Keith D. Pierson	Mayor of City of Ranson, Board Member

CTUB Professional Management

Jane E. Arnett, CPA has been employed by CTUB as Utility Manager since January 2008. Prior to serving as Utility Manager, she was employed by the City from November 1994 through December 2007 as City Manager.

Kristen M. Stolipher is a civil engineer and began as Assistant Utility Manager for the CTUB in October 2017. Prior to joining CTUB as the Assistant Utility Manager, Ms. Stolipher was a member of the Board of CTUB for 8 years.

CTUB Personnel

As of June 30, 2018, CTUB employed 23 total staff members, including 21 full-time employees and 2 part-time employees. Following is a summary of staff roles and licensure:

Administrative: (8)
- Utility Manager - Licensed CPA, Class I Wastewater Operator, Class II Wastewater Operator
- Assistant Utility Manager – Class I Wastewater Operator
- Operations Manager
- Accounting Manager
- Billing Manager
- 3 Administrative/Billing staff

Sewer Department: (3)
- Chief Operator - Class I, II, III and IV Wastewater Operator
- WWTP Class 1 Operator
- Groundskeeper

Water Department: (6)
- Chief Operator – Licensed Water Operator
- 2 WTP Operator II – Licensed Water Operator
- WTP Operator I – Licensed Water Operator
- 2 Part time Personnel – Licensed Water Operator

Maintenance: (6)
- Utility Crew Leader
- 5 Utility Worker

Subsequent to the acquisition of the Ranson Sewerage System as of July 1, 2018, CTUB acquired one (1) collections system staff member. Additionally, in September 2018, CTUB added one member from the District to staff. CTUB has a total of 25 staff members at the present time.

Employees of CTUB are employed directly by CTUB, not the Issuer. CTUB employees are not represented by a collective bargaining unit. CTUB employees are required to participate in group medical insurance and retirement plans.

CTUB PENSION OBLIGATIONS

CTUB participates in the West Virginia Public Employees Retirement System (WVPERS), a statewide, cost-sharing, multiple-employer defined benefit plan on behalf of CTUB employees. WVPERS is administered by

agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

WVPERS is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. Information regarding benefit provisions, actuarial assumptions and funding method, pension benefit obligations (actuarial present value of credit projected benefits), net assets available for benefits, historical trends, and related party transactions are not readily available since such determinations are made and information is kept on a system-wide basis and not for the individual participating entities. This information is available in the separately issued financial statements of the WVPERS at 4101 MacCorkle Avenue, S.E., Charleston, WV 25304.

Contributions to WVPERS by CTUB are 12.0% of eligible employees' compensation for the year ended June 30, 2017. In addition, CTUB withholds 4.5% of the eligible employee's compensation for employees who started employment prior to July 1, 2015, and 6.0% of the eligible employee's compensation for employees who started employment after July 1, 2015, and remits the withholding on a monthly basis to the WVPERS. CTUB's contribution requirement was not actuarially determined. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act.

The employer contributions for the year ended June 30, 2017 were $89,869 and $59,427 for the water and sewer funds, respectively. The employer contributions for the water and sewer funds for the year ended June 30, 2016 were $110,321 and $63,633. Total covered payroll for the year ended June 30, 2017 was $1,244,131.

THE COMBINED WATERWORKS AND SEWERAGE SYSTEM

CTUB Combined Waterworks and Sewerage System Retail Customer History

The average number of customers billed for the Combined Waterworks and Sewerage System for the past ten (10) Fiscal Years are as follows:

Fiscal Year (ended June 30)	*Water Customers*	*Water Growth Percentage*	*Sewer Customers*	*Sewer Growth Percentage*
2009	4,263	--	2,898	--
2010	5,237	18.6%	2,909	0.4%
2011	5,565	5.9%	2,931	0.8%
2012	5,637	1.3%	2,907	(0.8%)
2013	5,716	1.4%	2,842	(2.2%)
2014	5,827	1.9%	3,083	6.6%
2015	5,896	1.2%	3,233	4.6%
2016	5,951	0.9%	3,244	0.3%
2017	6,036	1.4%	3,299	1.7%
2018	6,114	1.3%	3,325	0.8%

Source: CTUB

As of July 1, 2018, the City acquired the Ranson Sewerage System. The Ranson Sewerage System is now part of the Combined Waterworks and Sewerage System. Historical data for the Ranson Sewerage System is provided separately below.

Contemporaneously with the issuance of the Series 2018 B Bonds, the City will acquire the District Sewer System and the District Water System, which will each become part of the Combined Waterworks and Sewerage System. Historical data for the District Sewer System and the District Water System are provided separately below.

CTUB Water System

The City's water treatment plant is a state-of-the-art facility utilizing complete recycling of backwash and system overflows. Recent (2016) upgrades to the treatment system include flocculation and sedimentation basins, a new chlorine contact/onsite storage tank (1 million gallons) and a new high service pump station. Also included in the upgrades were telemetry communications and SCADA controls to all storage tanks, control valves and booster stations to allow fine control of flows throughout the distribution system. The water treatment plant is designed to operate at a maximum capacity of 2.8 million gallons per day ("MGD") with a current average utilization of 1.6 MGD. The upgrades to the treatment plant and distribution system were designed to ensure compliance with all state and federal drinking water standards well into the foreseeable future.

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.

In addition to a recently added 1 million gallon storage tank, the water distribution system consists of eight (8) storage tanks that total an additional 3,072,000 million gallons. The system includes two (2) booster pumping stations, 75 miles of water mains, 406 fire hydrants and serves approximately 6,341 customers.

CTUB Water System – Service Area

CTUB's Water System retail service area:

- includes the entirety of the City, the City of Ranson and surrounding unincorporated areas in Jefferson County, West Virginia; and
- is comprised of a diversified group of gaming, hospitality, healthcare, multifamily, residential, and service industry customers.

CTUB Water System – Customer Data

The following table sets forth the gross annual potable water sales by CTUB in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale*	*Total*
2009	$1,964,386	$1,023,648	$36,540	$3,024,574
2010	$1,996,237	$938,723	$36,577	$2,941,537
2011	$2,015,886	$1,033,458	$36,523	$3,085,867
2012	$1,992,714	$1,072,692	$35,355	$3,100,761
2013	$1,992,832	$1,045,059	$33,848	$3,071,739
2014	$2,047,054	$1,006,622	$31,540	$3,085,216
2015	$2,035,328	$985,035	$32,977	$3,053,340
2016	$2,041,730	$1,014,337	$32,445	$3,088,512
2017	$2,497,813	$1,319,677	$36,472	$3,853,962
2018	$2,498,499	$1,263,350	$37,179	$3,799,028

Source: CTUB

CTUB Water System – Largest Customers

The following table sets forth the ten largest customers of the Water System and related annual sales for the Fiscal Year ended June 30, 2018.

	Customer	*Consumption (gallons)*	*Sales*
1	PNGI Charles Town Gaming LLC	35,830,000	$176,714
2	CTUB – Charles Town WWTP	6,024,400	$49,533
3	Willow Tree Manor	4,144,000	$29,527
4	Holiday Inn Express	3,982,000	$29,527
5	Apple Tree Garden Apartments	3,904,400	$39,844
6	PNGI Charles Town Gaming LLC (irrigation)	3,649,000	$17,355
7	Jefferson Medical Center	3,431,300	$24,563
8	Hampton Inn	2,786,200	$20,872
9	Charles Towers Apartments	2,657,500	$31,801
10	Genesis Eldercare	2,623,000	$20,880
	Totals	**66,031,800**	**$440,616**

Source: CTUB

The total Water System Gross Revenue for the Fiscal Year ended June 30, 2018 was $3,889,730. The ten largest water users represented 11.3% of the Water System Gross Revenue.

Jefferson County Public Service District Water System

The District currently owns and operates a potable water storage and distribution system which provides potable water service to customers residing in Jefferson County. The District Water System includes two treatment plants, three storage tanks, two booster stations and 2.77 miles of main line. After the acquisition of the District Assets, the City will own and operate these assets through CTUB.

Jefferson County Public Service District Water System – Service Area

The District's Water System service area:

- includes Glen Haven and Cavaland developments in Jefferson County, West Virginia; and
- provides service to approximately 116 customers.

Jefferson County Public Service District Water System – Customer Data

The following table sets forth the total potable water sales by the District in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale*	*Total*
2008	$50,402	$282	–	$50,684
2009	$48,704	$282	–	$48,986
2010	$47,780	$282	–	$48,062
2011	$49,788	$287	–	$50,075
2012	$47,596	$282	–	$47,878
2013	$46,343	$307	–	$46,650
2014	$45,653	$165	–	$45,653
2015	$59,581	$145	–	$59,726
2016	$75,746	$320	–	$76,066
2017	$97,366	$327	–	$97,693

Source: Jefferson County Public Service District

CTUB Sewer System

The City owns, and through CTUB operates and maintains, a wastewater treatment and collection system, extending throughout the City and consisting of two (2) treatment plants. The Charles Town Treatment Plant is a 1.75 million gallons per day ("MGD") sequencing batch reactor plant comprised of a mechanical bar screen, a vortex grit removal unit, three (3) reactor chambers with a volume of 583,000 gallons each and also function as integral clarifiers, a post equalization basin, chemical addition unit, recirculating sand filters, ultraviolet disinfection facilities, three (3) aerobic digesters with a volume of 71,000 gallons, a 2.0 meter sludge dewatering belt press, a plant backup power generator, and all requisite appurtenances. In addition, the collection system which is served by the Charles Town Treatment Plant is comprised of 16.6 miles of gravity sewer lines, approximately 1 mile of force mains and nine (9) lift stations.

This facility serves a population equivalent of approximately 17,500 persons in the City of Charles Town, the District service area and the City of Ranson, and discharges treated wastewater into Evitts Run, a tributary of the Shenandoah River. The District Sewer System is deemed to be a resale customer of the City until such time as the District Assets are acquired by the City.

The Tuscawilla Treatment Plant includes a 0.5 MGD (expandable to 1.0 MGD) biological membrane nutrient removal (BNR) wastewater treatment plant comprised of a mechanical bar screen, a vortex type grit removal system, one (1) submersible pumping station, an equalization basin, two (2) drum-type fine screens, three (3) positive displacement blowers, an electrical control room, a chemical feed room, two (2) BNR basins, a membrane bio-reactor (MBR) treatment system, UV disinfection, an effluent lift station and an aerobic digester. The collection system serviced by the Tuscawilla Treatment Plant is comprised of 14.3 miles of gravity lines, 3.2 miles of force main, two lift stations and a transfer pump station from Charles Town to Tuscawilla.

The Tuscawilla Treatment Plant serves a population of approximately 1,250 housing units and discharges treated wastewater first to the Tuscawilla West Golf Course pond/irrigation system and, second, into Evitts Run, a tributary of the Shenandoah River.

The City acquired the Ranson Sewerage System on July 1, 2018. The addition of this system includes 20 miles of gravity lines, 2.8 miles of force main and five (5) lift stations.

CTUB Sewer Service Area

The City wastewater treatment and collection system serves the following areas of Jefferson County:

North of the City along State Route 9 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. In addition, with the announcement of an extension to the ROXUL plant and adjacent property known as Jefferson Orchards in Jefferson County, West Virginia, this northern region will be expanded. See "CTUB Future Capital Projects – CTUB Sewer System," below.

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 the City 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.

The CTUB Sewer Service Area can be found within the CTUB 2018 Sewer Strategic Plan (SSP) at www.ctubwv.com.

CTUB Sewer System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment sales by CTUB in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale***	*Total*
2009	$1,149,992	–	$786,964	$1,936,956
2010	$1,153,716	–	$715,461	$1,869,177
2011	$1,138,275	–	$863,034	$2,001,309
2012	$919,738	$218,606	$794,212	$1,935,556
2013	$904,411	$233,892	$807,924	$1,946,227
2014	$1,275,447	$376,656	$1,213,094	$2,865,197
2015	$1,379,905	$480,607	$1,410,667	$3,271,179
2016	$1,375,146	$510,463	$1,485,098	$3,370,707
2017	$1,577,122	$583,319	$1,570,347	$3,730,788
2018	$1,550,571	$560,015	$1,584,910	$3,695,496

Source: CTUB
Note: Both the City of Ranson and the District were bulk sewer treatment customers of the CTUB through June 30, 2018. Effective July 1, 2018, customers of the Ranson Sewerage System became customers of CTUB.

CTUB Sewer System – Largest Customers

The following table sets forth the ten largest customers of the Sewer System and related annual sales for the Fiscal Year ended June 30, 2018.

	Customer	*Consumption (gallons)*	*Sales*
1	Willow Tree Manor	4,100,000	$37,925
2	Charles Tower Association	2,879,000	$31,106
3	Golden Real Estate LLC	2,326,000	$21,604
4	Walmart Stores Inc. #2566	1,770,600	$16,495
5	Gantt Miller	1,610,000	$26,339
6	Sparti LLC TA	1,479,700	$13,818
7	Willow Spring Farm Apartments II	1,446,000	$14,331
8	HDW, L.L.C. d/b/a Whale of a Wash	1,421,400	$13,282
9	LJS OPCO One, LLC	1,227,800	$11,501
10	Willow Spring Farm Apartments III	1,220,000	$13,507
	Total	**19,480,500**	**$199,908**

Source: CTUB

The total Gross Revenue for the CTUB Sewer System for the Fiscal Year ended June 30, 2018 was $3,735,324. The ten largest sewer customers represented 5.4% of the Sewer System Gross Revenue.

CTUB Sewer Resale Customers

Prior to the acquisition of the Ranson Sewerage System, the City provided wastewater treatment services to the City of Ranson. Additionally, until such time as the City acquires the District Sewer System, the City provides wastewater treatment services to the District. In previous years, both Ranson and the District were deemed to be resale customers of the City ("Sewer Resale Customers"). The following tables set forth information regarding CTUB's Sewer Resale Customers for the Fiscal Years indicated.

CTUB Sewer Resale Customers – Resale Customer Count

Resale Customer	*Fiscal Year 2017*	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*
Jefferson County PSD	2,404	2,565	2,529	2,431	2,336
City of Ranson	1,725	1,705	1,665	1,603	1,568
Total	**4,129**	**4,270**	**4,194**	**4,034**	**3,904**

CTUB Sewer Resale Customers – Annual Gallons Wastewater Treated by CTUB (000's omitted)

Resale Customer	*Fiscal Year 2018*	*Fiscal Year 2017*	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*
Jefferson County PSD	157,011	154,946	153,474	148,162	153,058	145,743	141,177
City of Ranson	94,210	99,177	100,842	95,333	92,089	92,794	81,072
Total	**251,221**	**254,123**	**254,316**	**243,495**	**245,147**	**238,537**	**222,249**

CTUB Sewer Resale Customers – Annual Treatment Cost Billed by CTUB

Resale Customer	*Fiscal Year 2018*	*Fiscal Year 2017*	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*
Jefferson County PSD	$969,726	$915,961	$862,843	$830,366	$708,200	$464,327	$447,975
City of Ranson	$615,184	$654,386	$622,255	$580,301	$504,894	$343,597	$346,237
Total	**$1,584,910**	**$1,570,347**	**$1,485,098**	**$1,410,667**	**$1,213,094**	**$807,924**	**$794,212**

For the Fiscal Year ended June 30, 2018, payments for sewage transmission and treatment to CTUB from Sewer Resale Customers represented 42.4% of the Sewer System Gross Revenue.

Information gathered from Annual PSC Reports of Sewer Resale Customers and CTUB.

City of Ranson Sewerage System

As of July 1, 2018, the City acquired the Ranson Sewerage System, which provides sewerage collection service to customers within the corporate limits of Ranson and in the surrounding unincorporated area. The Ranson Sewerage System consists of a collection and transportation system including five pumping stations.

For the fiscal year ending June 30, 2018, a monthly average of approximately 1,731 customers were served by the Ranson Sewerage System, compared to a monthly average of approximately 1,705 for the period ending June 30, 2017.

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City of Ranson Sewerage System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment sales by the City of Ranson in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Other/Resale*	*Total*
2008	$510,693	$89,757	–	$600,540
2009	$528,935	$65,815	–	$594,750
2010	$635,985	$55,889	–	$691,874
2011	$719,195	$62,331	–	$781,526
2012	$661,274	$92,340	–	$753,614
2013	$652,420	$98,973	–	$751,393
2014	$800,501	$96,720	–	$897,221
2015	$890,086	$103,407	–	$993,493
2016	$897,844	$135,748	–	$1,033,592
2017	$1,116,825	$147,180	–	$1,265,005

Source: City of Ranson

Jefferson County Public Service District Sewer System

Contemporaneously with the issuance of the Series 2018 B Bonds, the City will acquire the District Sewer System. The District currently owns and operates a sanitary sewerage collection and transmission system which provides sanitary sewerage service to customers residing in unincorporated portions of Jefferson County, as well as some areas within Ranson and the City. The District Sewer System includes two treatment plants, 28 pumping stations, 17 grinder pumping stations, 45.11 miles of gravity collection mains and 16.78 miles of force collection mains. After the acquisition of the District Sewer System, those assets will become part of the Combined Waterworks and Sewerage System.

For the fiscal year ending June 30, 2018, a monthly average of approximately 2,675 customers were served by the District Sewer System, compared to a monthly average of approximately 2,602 for the fiscal year ending June 30, 2017.

Jefferson County Public Service District Sewer System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment revenues for the District Sewer System in each of the last ten (10) Fiscal Years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2008	$1,258,236	$389,158	$51,797	$171,889	–	$1,871,080
2009	$1,302,898	$364,775	$25,551	$108,504	–	$1,801,728
2010	$1,352,048	$368,122	$25,308	$112,926	–	$1,858,404
2011	$1,395,535	$374,207	$49,183	$136,702	–	$1,955,627
2012	$1,411,784	$371,838	$47,700	$146,577	–	$1,834,271
2013	$1,426,102	$424,848	$55,557	$136,784	–	$1,895,791
2014	$1,671,868	$500,656	$44,722	$153,938	–	$2,317,184
2015	$1,763,220	$506,332	$48,048	$168,116	–	$2,485,716
2016	$2,031,741	$563,058	$67,409	$192,663	–	$2,854,871
2017	$2,093,431	$631,306	$60,345	$162,758	–	$2,947,840

Source: Jefferson County Public Service District

CTUB Operating Budget

The operating budget for the Water System and Sewer System are prepared and approved annually by CTUB.

Summary of Past Projects

CTUB Water System.

The City issued the Series 2016 A Bonds in the aggregate amount of $7,695,000 to finance a series of projects for the CTUB Water System. Proceeds of the Series 2016 A Bonds in the amount of $7,536,632 were used, along with Capacity Improvement Fees of the System in the amount of $750,000, to finance the design, acquisition, construction and equipping of the following additions, betterments and improvements to the potable water treatment, storage and distribution portion of the Combined Waterworks and Sewerage System:

- Route 9 Tank Painting
- Tuscawilla Tank Demo
- 6th Avenue Tank Painting
- Jefferson Avenue Water Line Replacement
- Water Treatment Plant Improvements
- Keyes Ferry Loop Line (10,000 linear feet of 12-inch water main installed)

The Water Treatment Plant Improvements comprised approximately $6,000,000 of the entire cost of the project and included design, acquisition, construction and equipping of a new flocculation and sedimentation basin, a new chlorine contact/onsite storage tank (1 million gallons) and a new high service pump station at the water treatment plant. All of work for the above projects has been completed.

CTUB Sewer System.

The City is committed to continue improvements in the operation of the Sewer System. Since 2007, CTUB has committed to publishing a Sewer Strategic Plan ("SSP") annually to align sewer needs with projected development and schedule compliance timelines for nutrient reductions to meet Chesapeake Bay limits. The 2018 SSP is published at www.ctubwv.com and serves as the basis for identifying growth forecasts and future capital needs.

CTUB's 2018 SSP describes the following accomplishments and capital improvements:

- On July 21, 2016, the City was reissued WV/NPDES Permit No. WV0022349, effective September 1, 2016 with an expiration date of June 30, 2021.

- The Chesapeake Bay nutrient limits now prescribed by WV/NPDES permit are measurable and being achieved. The limits allow clearer timelines for capital improvements and in the SSP will allow the removal of one forecasted project.

- The capital improvement projects funded under the West Virginia Infrastructure and Jobs Development Council (WV IJDC) Project 2011S-1304 (and part of SB245 grant funding) are complete. These projects (CWSRF No. C-544496-01 / IJDC No. 2011S-1304) included the Charles Town Wastewater Treatment Plant tertiary treatment and the Tuscawilla Effluent Line (Project Cost $5,140,290).

- The City purchased the Willow Spring Public Service Corporation ("Willow Spring") as approved in PSC Case No. 12-0217-S-PC. The purchase was completed on October 1, 2013. Subsequently, a Major Modification to combine Willow Spring under the City's WV/NPDES Permit was filed October 6, 2016. DEP published Modification No. 1 on February 23, 2017 to allow flows to the City from Willow Spring and, most importantly, recognized nutrient loading transfers to the City. Flows from Willow Spring to the City began May 30, 2017.

- The City issued the Series 2016 B Bonds in the aggregate amount of $3,895,000 to finance the 2016 Sewer Projects. The 2016 Sewer Project are complete and include:

- New pump stations at Willow Spring, Demory Farm and Clarence Drive and 4,659 linear feet (LF) of 12" gravity sewer, 441 LF of 6" Force Main, 21 Sewer Manholes, and the decommissioning of two pump stations. Upon completion, all flows from Willow Spring were directed to Charles Town.

- The Willow Spring wastewater treatment plant was decommissioned by the CTUB in June 2017 and 8,300 LF of 6" force main was installed in the fall of 2016.

- WV/NPDES Permit No. WV0086452 (Willow Spring) was terminated by the West Virginia Department of Environmental Protection (WV DEP) on June 30, 2017 (see WV/NPDES Permit No. WV0022349, Modification No. 1 dated March 30, 2017).

- Samuel Street pump station was rehabilitated and upgraded, including piping for bypass pumping, wet well liner, electrical upgrades (wiring) and check valves.

- The headworks building was constructed at the Charles Town Treatment Plant at an approximate cost of $424,778.

- Upon completion of the 2016 Sewer Projects, the District Sewer System was relieved of approximately 40,000 gallons per day in its collection system allowing for additional growth in the District Sewer System.

CTUB Combined Waterworks and Sewerage System Environmental Regulatory Performance

CTUB maintains an excellent record of regulatory compliance. Discussion follows with respect to the Water System and the Sewer System, respectively.

CTUB Water System.

Although numerous standards apply to regulate the treatment process and quality of treated potable water, a permitting process analogous to the National Pollutant Discharge Elimination System ("NPDES") permit does not exist. Nonetheless, monthly reports are required by WV Department of Health and Human Resources ("DHHR").

The Public Service Commission of West Virginia (the "PSC") requires annual reporting of water loss, which is measured by a percentage of water that is un-accounted, and requires a corrective action plan for water loss exceeding 15%. The most recent reported water loss was 33.14% for FY 2018. CTUB has a corrective action plan utilizing WV American Leak Detection, Inc. to cover at least one-third of the water distribution system each year. All leaks identified are investigated and repaired.

There are no outstanding enforcement actions applicable to the Water System.

CTUB Sewer System.

Sewer service is regulated under a single NPDES permit for the Charles Town WWTP and the Tuscawilla WWTP, and each corresponding collection system. Upon acquisition of the District Assets, the District NPDES permit will be "combined" into the CTUB Sewer System NPDES permit.

There are no outstanding enforcement actions applicable to the Sewer System.

CTUB Future Capital Projects

CTUB Water System.

With the completion of the 2016 Water Projects, the City does not currently have plans for any significant capital improvement projects for the water treatment and distribution portion of the Combined Waterworks and Sewerage System. CTUB does plan to continue the leak detection program discussed in "Summary of Past Projects – CTUB Water System," above.

CTUB Sewer System.

The City and CTUB have the following capital projects planned for the CTUB Sewer System (collectively, the "CTUB Sewer System Capital Projects"):

1. Ranson Service Area Pump Station Project. This project will relocate two sanitary sewer pump stations, and attendant infrastructure, located in the former service area of the City of Ranson. The project will address existing capacity issues and will provide for future growth. The anticipated project cost is approximately $2,000,000 and construction is expected to commence in 2020.

2. JCPSD Modified Flowing Springs Project. Prior to commencing discussions with the City for the acquisition of the District Assets, the District had design work completed for, and obtained PSC approval for the construction of, a project to address capacity concerns at number of locations in the District Sewer System. The City and CTUB plan to continue with a modified form of this project which will include elimination of several pump stations, construction of two new pump stations, and construction of gravity sewer lines and force mains. The preliminary project cost is approximately $5,500,000 and construction is expected to commence in 2020-2021.

3. CTUB Renewal and Replacement Project. Design for a 2021 Renewal and Replacement project will begin in 2019 to address aging infrastructure. The project will include, in part, upgrades to the current CTWWTP aeration system (one blower), replacement of 3 (three) influent pumps and wiring to the plant control room, lining of the 3 (three) sequential batch reactor basins, UV upgrades, rehabilitation of the existing belt press and the addition of a second belt press. At Tuscawilla, the renewal and replacement of the existing membrane filter media will include a capital and operational cost comparison for replacement versus a more traditional clarifier type media. At Huntfield, an oxygenation system for odor and corrosion control, and to reduce sulfide loading in the transfer line will be assessed. The funding for these projects is anticipated to be sought through traditional bond market financing. In 2016, a debt service analysis was completed by Compass Municipal Advisors, LLC. As a result of older bond issues being paid in full, this analysis shows available funds of approximately $167,000 per year in 2022, without a customer rate increase. Based on this debt service payment and current market rates, a bank qualified insured utility revenue bond could be issued in the amount of $2,750,000 for the project.

In addition to the sanitary sewer projects outlined above, the City and CTUB are the expected sewer provider for a new manufacturing facility under construction in the service territory of the former Ranson Sewerage System. On July 6, 2017, Governor Jim Justice announced that ROXUL, Inc. would build a $150 million manufacturing plant in the City of Ranson. Upon completion, the plant is expected to create up to 150 jobs with positions ranging from management level to the production line. Roxul, Inc. is part of the ROCKWOOL Group, North America's largest producer of stone wool insulation. The West Virginia Development Office, through the West Virginia Infrastructure and Jobs Development Council (collectively, the "WVIJDC"), approved a $9 million loan non-interest bearing loan for the City of Ranson to construct a sewer extension to the ROXUL (Rockwool) plant and adjacent property known as Jefferson Orchards in Jefferson County, West Virginia. The proposed sewer extension is referred to as the "Route 9 Sewer Project." With the acquisition of the Ranson Sewerage System effective July 1, 2018, the City has assumed responsibility for constructing the Route 9 Sewer Project.

The terms of the financing provide that the principal of the loan will be repaid solely from the Net Revenues generated from new customers which connect to the Route 9 Sewer Project after substantial completion. Accordingly, the financing is currently structured to provide that the Route 9 Sewer Project will be financed, and owned by, the Charles Town Building Commission, which will lease the Route 9 Sewer Project to the City to be operated and maintained by CTUB. The lease payments from the City to the Building Commission, made by the CTUB, will equal the Net Revenues from the Route 9 Sewer Project and are the only security, other than a deed of trust on the project, for the lease revenue bonds of the Charles Town Building Commission which will be purchased by the WDA on behalf of the WVIJDC (the "WVIJDC Bonds"). If any principal of the WVIJDC Bonds remains unpaid on its maturity date, such principal will convert to a grant.

The exact structure of the WVIJDC Bonds has not been finally determined due to community protests against the proposed manufacturing facility. Neither the City nor the Charles Town Building Commission have taken final action on their respective ordinances to approve the financing structure. In the event that the Charles Town Building Commission declines to approve the financing and the City Council of the City decides to proceed

with the Route 9 Sewer Project, the City believes that the WVIJDC Bonds could be issued directly by the City with either a junior lien or a lien on the surplus revenues of the Combined Waterworks and Sewerage System which effectuates the same repayment structure as contemplated for the Charles Town Building Commission. See "RISK FACTORS" herein.

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DEBT SERVICE REQUIREMENTS

Existing Long-Term Debt of the Combined Waterworks and Sewerage System

Pursuant to the Act, all debt secured by the Gross Revenues of the Combined Waterworks and Sewerage System has a lien on the Gross Revenues of the Water System and the Sewer System and are known as "Combined Waterworks and Sewerage System Revenue Bonds," denoting the lien on the "combined" system. The following outstanding debt is secured by the Gross Revenues of the Combined Waterworks and Sewerage System, on a parity with the Series 2018 B Bonds:

See "OUTSTANDING INDEBTEDNESS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM – Prior Bonds" herein.

Bond Issue	*Issue Date*	*Original Issue Amount*	*Balance September 30, 2018*	*Final Maturity*
2018 A-7*	04/12/14	$985,350	$893,328	09/01/45
2018 A-6*	06/18/08	$2,005,000	$1,353,349	12/01/38
2018 A-5*	06/22/00	$1,154,889	$510,072	12/01/31
2018 A-4*	12/08/99	$378,363	$145,038	03/01/30
2018 A-3*	06/25/98	$662,039	$662,039**	06/01/38
2018 A-2*	06/25/98	$599,089	$22,464	06/01/19
2018 A-1*	05/05/98	$425,767	$120,091	10/01/28
2016 B	08/18/16	$3,895,000	$3,895,000	06/01/46
2016 A	03/17/16	$7,695,000	$7,395,000	03/01/46
2015 B	11/19/15	$4,355,000	$3,740,000	10/01/28
2015 A	11/19/15	$2,750,000	$2,485,000	12/01/32
2014 E	10/31/14	$1,425,000	$1,040,000	06/01/26
2014 D	10/31/14	$1,445,000	$1,135,000	06/01/28
2014 C	10/31/14	$820,000	$720,000	12/01/32
2014 A	06/18/14	$4,058,900	$3,743,411	03/01/46
2013 B	10/01/13	$2,970,000	$2,750,000	10/01/43
2013 A	06/27/13	$591,977	$518,079	09/01/44
2011 A	07/22/11	$13,147,192	$5,695,982	06/01/41
2010 D	12/02/10	$500,000	$379,157	06/01/41
2010 C	12/02/10	$1,250,000	$947,907	06/01/41
2010 B	01/13/10	$100,000	$67,083	03/01/31
2010 A	01/13/10	$912,458	$612,113	03/01/31
2002 B	08/22/02	$3,600,000	$2,220,778	06/01/42
2002 A	08/22/02	$1,100,000	$892,637	10/01/39
2000 A	06/22/00	$3,163,781	$603,701	12/01/21
1998	09/29/98	$437,601	$26,271	09/01/19
1989 B	04/13/89	$117,480	$36,147	10/01/29
1988 B-2	05/20/88	$558,000	$157,376	10/01/28
1988 B-1	05/04/88	$295,916	$83,452	10/01/28
1987 B	11/18/87	$413,629	$97,964	10/01/26
Totals:		$55,601,934	$42,948,439	

* Contemporaneously with the issuance of the Series 2018 B Bonds and the acquisition of the District Assets, the City will assume, amend and restate the District Sewer Bonds and the District Water Bonds as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 – A-7." The "Issue Date(s)" and "Original Issue Amount(s)" reflect the issue dates and original issue amounts by the District.

** Payments of principal of, and interest on, the Series 2018 A-3 Bonds commence on March 1, 2019.

CTUB Combined Waterworks and Sewerage System – Aggregate Debt Service Table

The table below sets for the anticipated aggregate debt service for the Prior Bonds, the Series 2018 A Bonds and the Series 2018 B Bonds.

Fiscal Year Ending June 30	Debt Service on Prior Bonds and Series 2018 A Bonds*	Series 2018 B Bonds	Total Debt Service Requirements
2019	$3,073,552	$39,970	$3,113,522
2020	$2,909,133	$268,43	$3,177,571
2021	$2,910,143	$264,500	$3,174,643
2022	$2,903,943	$265,125	$3,169,068
2023	$2,736,569	$265,625	$3,002,194
2024	$2,727,971	$265,538	$2,993,509
2025	$2,715,320	$265,313	$2,980,633
2026	$2,720,347	$269,463	$2,989,810
2027	$2,574,282	$268,313	$2,842,595
2028	$2,436,144	$267,013	$2,703,157
2029	$2,338,066	$265,563	$2,603,629
2030	$2,036,245	$283,413	$2,319,658
2031	$2,008,674	$290,450	$2,299,124
2032	$1,937,842	$311,350	$2,249,192
2033	$1,927,401	$331,200	$2,258,601
2034	$1,649,385		$1,649,385
2035	$1,650,010		$1,650,010
2036	$1,644,502		$1,644,502
2037	$1,648,083		$1,648,083
2038	$1,649,979		$1,649,979
2039	$1,574,144		$1,574,144
2040	$1,540,710		$1,540,710
2041	$1,474,054		$1,474,054
2042	$1,163,322		$1,163,322
2043	$1,071,306		$1,071,306
2044	$1,061,705		$1,061,705
2045	$865,282		$865,282
2046	$795,429		$795,429
Totals:	$55,743,543	$3,921,270	$59,664,813

* Excludes Series 2010 A, 2013 A and 2015 Bonds Debt Service after the Closing Date.

CTUB Combined Waterworks and Sewerage System Historical and Projected Coverage **

Charles Town Utility Board
Cash Flow Analysis - Historical and Pro Forma
For the years ending June 30, 2014 through June 30, 2020

	CTUB ONLY					Full Year CTUB Full Year Ranson 1/2 year JCPSD	Full Year All
	FY 2014 (Actual)	FY 2015 (Actual)	FY 2016 (Actual)	FY 2017 (Actual)	FY 2018 (Actual)	FY 2019* (Pro forma)	FY 2020* (Pro forma)
Available Cash							
Operating revenues	$ 6,093,707	$ 6,463,479	$ 6,604,864	$ 7,734,063	$ 7,625,054	$ 9,312,578	$ 10,325,683
Other income	479,576	451,897	472,373	492,330	713,055	704,482	744,074
Total available cash	6,573,283	6,915,376	7,077,237	8,226,393	8,338,109	10,017,060	11,069,757
Cash Requirements							
Operating expenses (including taxes)	3,852,283	3,997,419	4,169,951	4,652,324	5,072,794	6,108,600	6,724,860
Cash available for debt service (A)	2,721,000	2,917,957	2,907,286	3,574,069	3,265,315	3,908,460	4,344,897
Debt Service Requirements							
Bond principal	1,548,294	1,581,489	1,445,691	1,696,163	1,767,915	1,978,363	2,188,810
Bond interest	811,586	783,674	679,734	918,824	931,395	994,232	1,057,069
Subtotal (B)	2,359,880	2,365,163	2,125,425	2,614,987	2,699,310	2,972,595	3,245,879
Renewal and replacement reserve	76,171	80,793	82,561	96,676	104,226	139,125	157,849
Debt service reserve requirements	68,981	55,790	51,516	53,730	53,730	53,730	53,730
Debt service without coverage requirement	144,587	151,491	117,211	147,387	149,230	181,646	181,646
Total debt service requirements	2,649,619	2,653,237	2,376,713	2,912,780	3,006,496	3,347,096	3,639,104
Cash surplus (deficit)	$ 71,381	$ 264,720	$ 530,573	$ 661,289	$ 258,819	$ 561,364	$ 705,793
Coverage ratio A/B	115.30%	123.37%	136.79%	136.68%	120.97%	131.48%	133.86%

* The projected coverage calculations are preliminary and subject to change as these calculations include the anticipated annual debt service on the Series 2018 B Bonds.

** Prepared by J.C. Kunkle & Associates, A.C.

Method of Accounting

The accounts of the Water System and Sewer System are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the CTUB accounts are maintained in accordance with generally accepted accounting principles. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF CHARLES TOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2017" herein.

OUTSTANDING INDEBTEDNESS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM

Prior Bonds

The Issuer has outstanding the following bonds which will rank on a parity with the Series 2018 B Bonds as to liens, pledge, source of and security for payment from the Gross Revenues derived from the Combined Waterworks and Sewerage System, 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, 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");

(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");

(23) Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 B, dated August 18, 2016, issued in the aggregate principal amount of $3,895,000 (the "Series 2016 B Bonds");

(24) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1(West Virginia Water Development Authority), originally the District 1988 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-1 Bonds");

(25) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-2 Bonds");

(26) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund), originally the District 1998 C Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-3 Bonds");

(27) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-4 Bonds);

(28) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), originally the District 2000 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-5 Bonds);

(29) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program), originally the District 2008 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-6 Bonds"); and

(30) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-7 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, Series 2016 A Bonds and Series 2016 B Bonds are herein collectively referred to as the "Prior Bonds." The Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are herein collectively referred to as the "Series 2018 A Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances." The ordinance of the Issuer enacted to authorize the assumption, modification and amendment and re-designation of the Series 2018 A Bonds, is here in referred to as the "Series 2018 A Ordinance." As of September 30, 2018, the Prior Bonds are outstanding in the aggregate principal amount of $39,242,058. As of September 30, 2018, the Series 2018 A Bonds are outstanding in the aggregate principal amount of $3,706,381. See chart contained in "DEBT SERVICE REQUIREMENTS – Existing Long-Term Debt of the Combined Waterworks and Sewerage System" herein.

Future Bond Issues

The City and CTUB anticipate that no Additional Parity Bonds for the purpose of financing improvements to the CTUB Water System will be issued in the foreseeable future.

The City and CTUB anticipate that Additional Parity Bonds will be issued in the foreseeable future for the purpose of financing the capital improvements for the CTUB Sewer System, excluding the Route 9 Sewer Project, discussed in "CTUB Future Capital Projects" herein.

The City and CTUB anticipate the issuance of Additional Parity Bonds for the purpose of refinancing existing Bonds as the market allows.

STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES

State Utility Regulation

Public water and sewer utilities in West Virginia are subject to regulatory oversight by the West Virginia Public Service Commission (the "Public Service Commission" or "PSC"). Pursuant to state legislation which became effective in June 2015, and subsequently further clarified by state legislation effective in June 2017 (collectively, "Senate Bill 234"), the scope of PSC authority over larger public water and sewer utilities such as CTUB was reduced. As a result of Senate Bill 234, CTUB was exempted from PSC regulation and approval of, among other things:

1. Amendments and modifications to rates and charges of the Water System and the Sewer System; and

2. The requirement to obtain prior PSC approval for construction of capital projects which are outside "the normal course of business."

The authority of the PSC over large public water and sewer utilities, however, has been effectively enlarged by a recent court decision. Specifically in SWVA v. Huntington Sanitary Board, *et. al.*, Case Number 17-0120 (Memorandum Decision, November 14, 2017), the Supreme Court of Appeals of West Virginia held, among other things, that the PSC retains jurisdiction over, and is the proper venue for, complaints by customers of such large public water and sewer utilities for failure to satisfy statutorily mandated public notice requirements for approval by City Council of (1) amendments and modifications of rates and charges for public water and public sewer systems;

and (2) construction of projects for public water and/or sewer systems which are outside of "the normal course of business." Accordingly, while the changes to the state regulatory structure through Senate Bill 234 result in significant savings of both time and expense for CTUB when pursuing both rate increases and capital projects, SWVA v. Huntington Sanitary Board created some uncertainty regarding the extent to which the regulatory jurisdiction of the PSC has been reduced.

Senate Bill 234 provided specific protection to bondholders. Specifically, West Virginia Code Section 24-2-1(b)(8) was amended by Senate Bill 234 to provide as follows:

> In the event that a political subdivision has a deficiency in either its bond revenue or bond reserve accounts, or is otherwise in breach of a bond covenant, the bondholder 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 resolved the alleged deficiency or breach.

Neither the Issuer nor CTUB is aware that any bondholder has petitioned the PSC for relief pursuant to this specific authority for any public utility in West Virginia since it became effective on June 12, 2015.

Rate Setting and Project Approval Process

The PSC retains authority to investigate and resolve: (i) disputes between CTUB and any resale customer regarding rates, fees and charges for the Water System and Sewer System; and (ii) complaints by CTUB customers regarding the PSC's exercise of powers enumerated in Chapter 24, Article 2, Section 1(b) of the Code of West Virginia, 1931, as amended. Moreover, the PSC regulatory oversight includes regulation of measurements, practices, acts or service of CTUB, regulation of CTUB's system of accounts, regulation of CTUB's submission of tariffs, adjudication of service territory disputes, and certain agreements between utilities.

The Council of the City has the authority to implement rates and charges for the Combined Waterworks and Sewerage System through the enactment of a Rate Ordinance. Such rates and charges are required by the Act to be sufficient at all times to: (i) provide for the payment of interest on all bonds issued pursuant to the Act and to create a sinking fund to pay the principal of such bonds as and when the same becomes due, and reasonable reserves therefore; (ii) provide for the repair, maintenance and operation of the systems; (iii) provide an adequate revenue and replacement fund; and (iv) make any other payments required or provided for in the applicable bond ordinance. The Act provides that rates and charges established by municipally operated combined waterworks and sewerage systems shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Under the Act, a municipality is required to maintain a "working capital reserve" for its respective water and sewerage systems in an amount of no less than one-eighth (12.5%) of its actual annual operation and maintenance expense, which amount must be separate and distinct from and in addition to any renewal and replacement fund.

Enactment of a Rate Ordinance by City Council requires a minimum of four to six weeks, including pre-enactment notice of the proposed increased rates and charges. The Council of the City must have two readings of a Rate Ordinance, separated by fourteen (14) days, with a public hearing prior to the second reading. Pre-enactment notice of the proposed rates and charges must be provided to the City's customers with the billing statement in the month prior to the first reading of a Rate Ordinance. Once enacted by the City, the proposed rates and charges are subject to investigation by the PSC upon the filing of a complaint by any one of the resale customers of the portion of the Combined Waterworks and Sewerage System for which such rates and charges are being modified. Resale customers have no statutory timeframe following the enactment of a Rate Ordinance within which they must file a complaint, nor does the PSC have a statutory time frame within which to render a decision on such a complaint. As explained in the previous section, the decision in SWVA v. Huntington Sanitary Board clarified that any customer may bring a complaint at the PSC alleging, at a minimum, failure of the City Council to follow statutorily mandated notice requirements related to the Rate Ordinance.

The Council of the City also must approve capital projects for the Combined Waterworks and Sewerage System which are not in the "normal course of business" through the enactment of a project ordinance (a "Project Ordinance"). Enactment of a Project Ordinance requires a minimum of four to six weeks, including pre-enactment notice of the proposed capital project and any change in rates and charges associated with the capital project. The Council of the City must have two readings of a Project Ordinance, separated by fourteen (14) days, with a public hearing prior to the second reading. Pre-enactment notice of the capital project and any associated charge in rates

and charges must be provided to the City's customers with the billing statement in the month prior to the public hearing on a Project Ordinance. Approval by the Council of the City of a Project Ordinance cannot go into effect any sooner than 45 days after the date of enactment of a Project Ordinance. As explained in the previous section, the decision in SWVA v. Huntington Sanitary Board clarified that any customer may bring a complaint at the PSC alleging, at a minimum, failure of the City Council to follow statutorily mandated notice requirements related to a Project Ordinance, or a determination that a particular project is "in the normal course of business" and, thus, a Project Ordinance is not required.

Tariffs

A sewer rate increase was adopted by the City Council on August 6, 2018, effective for all service rendered on or after August 6, 2018. A water rate increase was adopted by the City Council on August 6, 2018, effective for all service rendered on or after August 6, 2018. See "APPENDIX G – SEWER AND WATER RATE TARIFFS."

RISK FACTORS

Mainline Extension Agreement for Service to Rockwool

A minority of members of the City Council and the Board of the Charles Town Building Commission have expressed reservations regarding constructing the Route 9 Sewer Project. Public protests regarding Rockwool have focused on potential environmental hazards from Rockwool air emissions, as well as concerns regarding the appropriateness of a large manufacturing facility in Jefferson County.

In the event that City Council would decide not to proceed with the Route 9 Sewer Project, Rockwool may, as a potential customer in the City's service territory, request sanitary sewer service from CTUB pursuant to Rule 5.5 of the PSC's Rules for Wastewater Utilities, known as the "Mainline Extension Rule." In summary, the Mainline Extension Rule would require CTUB to provide service, through either the Route 9 Sewer Project as proposed or, potentially, a project to serve only Rockwool, if Rockwool is willing to deposit the amount necessary to construct either such project with CTUB. The Mainline Extension Rule places obligations on CTUB to, first, make an upfront financial contribution to the cost of either such project and, second, reimburse Rockwool for future customers which connect to the line (if such line is not constructed solely to Rockwool).

While the specific financial impact of a request from Rockwool to the City to extend service under the Mainline Extension Rule is difficult to calculate, such a request would likely require a borrowing by the City for the upfront capital contributions and, if the present design of the Route 9 Sewer Project is constructed, depending on the rate of growth and, thus, reimbursements to Rockwool for future customers, a rate increase for customers of the System to provide adequate revenues to maintain coverage while funding such reimbursements.

LITIGATION

The acquisition of the District Assets by the City required a Certificate of Convenience and Necessity from the PSC. The joint application at the PSC of the District and the City for the City to acquire the District Assets was formally protested by a group of developers located in Jefferson County (collectively, the "Protestors"). The PSC entered an Order on June 26, 2018, which, among other things, approved the acquisition of the District Assets by the City. The Protestors appealed the PSC decision to the West Virginia Supreme Court of Appeals. The West Virginia Supreme Court of Appeals entered a decision on November 2, 2018, affirming the Order of the Commission of June 26, 2018. The time period for the Protestors to request reconsideration of the decision of the West Virginia Supreme Court of Appeals has expired.

There is not now pending or, to the best of the Issuer's and CTUB's knowledge, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2018 B Bonds or questioning or affecting the validity of the Series 2018 B Bonds, the proceedings and authority under which they are to be issued, nor is the creation, organization, or existence of the Issuer or CTUB being contested. Nor is there any litigation pending or, to the best of the Issuer's and CTUB's knowledge, threatened which (i) questions, in any manner, the right of the CTUB to operate the Combined Waterworks and Sewerage System or CTUB's right to conduct its activities in accordance with the provisions of the Act and the Series 2018 B Ordinance, or (ii) if determined adversely to CTUB, would have a material adverse impact on the financial condition of the Combined Waterworks and Sewerage System.

The Issuer and CTUB are subject to a variety of suits and proceedings arising out of their ordinary course of operations, some of which may be adjudicated adversely to the Issuer or CTUB. Any such litigation is of a routine nature which does not affect the right of the Issuer or CTUB to conduct its business or the validity of the Issuer's obligations.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2018 B Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Bond Counsel, whose opinion will be delivered concurrently with the delivery, upon original issuance, of the Series 2018 B Bonds, substantially as set forth as "APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION" herein. Steptoe & Johnson PLLC also serves as Disclosure Counsel to the Issuer and CTUB. Certain legal matters will be passed upon for the Issuer by Steptoe & Johnson PLLC as special counsel to the Issuer. Certain legal matters will be passed on for CTUB by its Counsel, Hoy G. Shingleton, Jr., Esq. Jackson Kelly PLLC will pass upon certain matters as counsel for the Underwriter.

CONTINUING DISCLOSURE

The Issuer has agreed to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2018 B Bonds to provide certain financial and operating information (the "Annual Financial Information") not later than the last day of the Fiscal Year (presently ending June 30) immediately following the end of the Issuer's Fiscal Year for which disclosure is due, commencing with the report for the Fiscal Year ending June 30, 2018, and to provide notice of the occurrence of enumerated events, all as further described in the Disclosure Dissemination Agent Agreement to be executed by the Issuer in substantially the form attached as "APPENDIX I – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" herein. The Annual Financial Information and each notice of enumerated events is required to be filed electronically by Digital Assurance Corporation ("DAC"), as dissemination agent on behalf of the Issuer, with the Electronic Municipal Markets Access system ("EMMA").

The continuing disclosure obligation is being undertaken by the Issuer to assist the Underwriter in complying with Rule 15c2-12 (the "Rule") promulgated by the United States Securities and Exchange Commission (the "SEC"). The Issuer has agreed to give notice in a timely manner to EMMA. However, any such failure will not constitute a default under the terms of the Series 2018 B Ordinance or the Series 2018 B Bonds. Under the Undertaking, the sole remedy for such failure is to seek an order for specific performance. See "APPENDIX I – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" herein. Registered Owners may contact the City Manager for more information. See "MISCELLANEOUS" herein.

Prior Continuing Disclosure Undertakings

The Issuer previously entered into continuing disclosure undertakings with respect to certain of the Prior Bonds. Despite the existence of these prior continuing disclosure undertakings and the Rule, the Issuer:

- A notice of redemption for the Series 2003 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds was not timely filed.

- Failed to timely file Audited Financials for the Fiscal Years ended June 30, 2013, June 30, 2014, June 30, 2015, and June 30, 2016 and failed to timely file notices of failure to timely file such Audited Financials in each such instance;

- Failed to file Operating Data for the Combined Waterworks and Sewerage System for the Fiscal Years ended June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017, and failed to file notice of failure to file such Operating Data for the Fiscal Years ended June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017; and

- The Audited Financials filed were for CTUB only and not for the Issuer, Charles Town, West Virginia.

All such filings of Audited Financials and Operating Data, material event notices, and all notice of failure to timely make such filings have been made as of the date hereof.

In March 2014, the U.S. Securities and Exchange Commission (the "SEC") announced a Municipalities Continuing Disclosure Cooperation Initiative ("MCDC") to address representations made by issuers in official statements about past compliance with continuing disclosure undertakings made pursuant to the Rule. MCDC invited underwriters and issuers, respectively, to review official statements for certain prior offerings and, based upon such review, if deemed appropriate, to self-report to the SEC possible violations of the federal securities laws involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in the Rule by identifying official statements that may contain such statements. Underwriters participating in the MCDC were required to submit a report to the SEC no later than September 10, 2014. Issuers who chose to participate in the MCDC were required to submit a report to the SEC no later than December 1, 2014. The City was informed by Crews & Associates, Inc. ("Crews"), that Crews elected to file a report with the SEC under the MCDC program with respect to the Official Statements for the Series 2009 A Bonds and 2013 B Bonds wherein Crews was the underwriter. The District evaluated its past instances of non-compliance and reported such instances with respect to the Official Statements for the Series 2009 A Bonds and the Series 2013 B Bonds as required under MCDC.

In order to address prior non-compliance and ensure that continuing disclosure obligations are satisfied in the future, the City has retained DAC to serve as dissemination agent for the Series 2018 B Bonds, as well as for the Series 2013 B Bonds, the Series 2014 C Bonds, the Series 2014 D Bonds, the Series 2014 E Bonds, the Series 2015 A Bonds, the Series 2015 B Bonds, the Series 2016 A Bonds and the Series 2016 B Bonds.

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 2018 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 2018 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 for the taxable years that began prior to January 1, 2018; and (iii) under the laws of the State of West Virginia, the Series 2018 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 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. See West Virginia Code Section 8-20-5.

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 2018 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 2018 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 2018 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 Series 2018 B Ordinance and the Tax Certificate relating to the Series 2018 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 Series 2018 B 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 2018 B Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2018 B Bonds might be affected as a result of such an audit of the Series 2018 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 2018 B Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2018 B Bonds or their market value.

The Issuer has designated the Series 2018 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Special Considerations with Respect to the Series 2018 B Bonds

The accrual or receipt of interest on the Series 2018 B Bonds may otherwise affect the federal income tax liability of the owners of the Series 2018 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 2018 B Bonds: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2018 B Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2018 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 2018 B Bonds, (iii) interest on the Series 2018 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 2018 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 2018 B Bonds, and (vi) receipt of investment income, including interest on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds or the tax consequences of ownership of the Series 2018 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 2018 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 2018 B Bonds, and, if enacted, could also affect the tax treatment of all or a portion of the interest on the Series 2018 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 2018 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 2018 B Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2018 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 2018 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 underwriter and other intermediaries, at which price a substantial amount of the debt instrument was sold. The Series 2018 B Bonds maturing on June 1, 2026, June 1, 2028, June 1, 2030 and June 1, 2033 (the "Series 2018 B Discount Bonds"), were sold with OID. For federal income tax purposes, OID accrues to the owner of a Series 2018 B 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 Series 2018 B Discount Bond (i) will be interest excludable from the owners' 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 2018 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 Series 2018 B Discount Bond. A purchaser of a Series 2018 B 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 Series 2018 B Discount Bond.

Owners of Series 2018 B 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 Series 2018 B 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.

RATINGS

Based on the Series 2018 B Municipal Bond Insurance Policy issued by BAM, S&P Global Rating Services, a division of the McGraw Hill Companies, Inc. ("S&P") is expected to assign a rating of "AA" to the Series 2018 B Bonds.

The Issuer did not apply for any other ratings related to the Series 2018 B Bonds.

Each such rating reflects only the views of such rating agency. Any desired explanation of the significance of such rating should be obtained from S&P. Certain information and materials not included in this Official Statement were furnished by the Issuer to S&P. There is no assurance either of these ratings will continue for any period of time or that the rating will not be reviewed, downgraded or withdrawn entirely if, in the judgment of S&P circumstances so warrant. The Underwriter has undertaken no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the ratings of the Series 2018 B Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of a rating could have an adverse effect on the market price of the Series 2018 B Bonds.

UNDERWRITING

The Series 2018 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 all the Series 2018 B Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof less an Underwriter's discount of $44,660.00, minus an original issue discount of $15,362.85. 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 2018 B Bonds to certain dealers (including dealers depositing Series 2018 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, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

MUNICIPAL ADVISOR

The Issuer and CTUB have retained Compass Municipal Advisors, LLC, Lexington, Kentucky, as Municipal Advisor. The Municipal Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements (and reports with respect thereto) of CTUB as of June 30, 2017. The financial statements have been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting. CTUB has obtained the consent of Perry & Associates, Certified Public Accountants, A.C. to publish the audited financial statements with this Official Statement. Included herein as Appendix C are the audited financial statements (and reports with respect thereto) of the City of Ranson as of June 30, 2017. CTUB has obtained the consent of BHM CPA Group to publish the City of Ranson's audited financial statements with this Official Statement. Included herein as Appendix D are the audited financial statements (and reports with respect thereto) of the District as of June 30, 2017. CTUB has obtained the consent of CoxHollidaYoung PLLC to publish the District's audited financial statements with this Official Statement.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract or agreement with the purchasers or owners of the Series 2018 B Bonds.

Copies of the Series 2018 B Ordinance, the Undertaking, the Act and other applicable documents may be obtained from the Issuer at the following address:

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

During the period of offering of the Series 2018 B Bonds, copies of such documents will be available from the Underwriter. Ongoing financial information may be obtained from the Issuer at the address set forth above or online through EMMA.

This Official Statement has been duly approved and its execution and distribution authorized by the Issuer and CTUB.

CITY OF CHARLES TOWN (WEST VIRGINIA)

By: /s/ Scott Rogers
Mayor

CHARLES TOWN UTILITY BOARD

By: /s/ Daryl Hennessy
Chairman

APPENDIX A

CITY OF CHARLES TOWN (WEST VIRGINIA)
ECONOMIC AND DEMOGRAPHIC DATA

General

Surrounded by the rolling hills of the Blue Ridge Mountains, Charles Town and Jefferson County offer a wonderful escape for those seeking relaxation, entertainment, outdoor adventure or an opportunity to immerse themselves in our rich history and culture.

The City of Charles Town is the County seat of Jefferson County and is located 73 miles northwest of Washington, D.C. and 75 miles west of Baltimore. Jefferson County is the easternmost county in the State of West Virginia.

Charles Town is approximately 15 miles to Interstate 81. The nearest airport is located in Martinsburg with only charter flights available. Dulles International Airport and Hagerstown Airport are both located approximately 40 miles from Charles Town.

The Charles Town labor shed is made up of the following counties:

- Jefferson County, WV
- Berkeley County, WV
- Frederick County, MD
- Clarke County, VA
- Loudoun County, VA
- Washington County, MD

City Government

Charles Town is divided into four wards with two members representing each ward. The mayor is elected at-large and can reside in any ward in the City. City Council is thus comprised of a total of nine citizens.

The current Mayor and members of the council are as follows:

MEMBER	TERM EXPIRES
Scott Rogers, Mayor	May 2021
Michael Tolbert, Ward 1	May 2019
Chet Hines, Ward 1	May 2021
Michael Brittingham, Ward 2	May 2021
Nick Zaglifa, Ward 2	May 2019
Ann Paonessa, Ward 3	May 2019
Todd Coyle, Ward 3	May 2021
Micheal George, Ward 4	May 2021
Bob Trainor, Ward 4	May 2019

Population

The population of The City of Charles Town for years since 2010 is set forth below:

YEAR	POPULATION
2016	5,885
2015	5,824
2014	5,669
2013	5,490
2012	5,391
2011	5,354
2010	5,259

Source: U.S. Census Bureau

The total population for The City of Charles Town and Jefferson County from 1970 to 2010 are as follows:

Year	Charles Town	Jefferson County	Area*
1970	3,023	21,280	N/A
1980	2,857	30,302	N/A
1990	3,122	35,926	N/A
2000	2,907	42,190	204, 287
2010	5,288	53,498	253,796

*Represents Jefferson County and six contiguous counties including Berkeley, Morgan, Hampshire, Mineral, Hardy and Grant, West Virginia.

Additional Information on Jefferson County for 2010 includes:

Population, 2010	53,498
Households, 2012-2016	20,634
Persons per Household, 2012-2016	2.62

Transportation and Location

The City of Charles Town is served by the following:

Highways:
I-70 and I-81; U.S. 11 and 340; WV 9 and 51

Transit:
Eastern Panhandle Transit Authority (Pan Tran) (city/county transit)

Transit Railroads:
Norfolk-Southern Railroad offers daily freight service. Amtrak service is available in Harpers Ferry, West Virginia to the east and Martinsburg to the west.

Air:
Martinsburg Airport, charter flights; Dulles International Airport and Hagerstown Airport, regular passenger and freight flights, approximately 45 minutes from Charles Town.

Water:
The Shenandoah River, a major tributary of the Potomac River, is a navigable waterway.

Highway Distances from Charles Town (miles)

City	Distance from Charles Town, WV (miles)
Baltimore, MD	75
Charleston, WV	322
Charlotte, NC	384
Chicago, IL	659
Cleveland, OH	331
Columbus, OH	377
New York, NY	263
Philadelphia, PA	175
Pittsburgh, PA	205
Washington, DC	73

Source: www.distance-cities.com

Education

The following chart shows the information for the types of schools and the number of each that are in Jefferson County for the school years 2015-2016:

Type of school	Public	Private
Elementary Schools (PK-6)	9	5
Middle Schools (varies 5-8)	4	2
High Schools (varies 7-12)	2	
Technical Centers	1	
Alternative Education	1	

Source NCES, 2015-2016

The total public school enrollment for Jefferson County in 2015-2016 was 9,138 students. The combined graduation rate for 3 high schools was 94%. The pupil/teacher ratio is 15.13.

Source: NCES, WV SBA

Higher Education

Shepherd University is a liberal arts institution located one hour from Washington, DC in historic Shepherdstown, West Virginia.

American Public University System (APUS) is a for-profit, online learning institution. APUS maintains corporate and academic offices in Charles Town, West Virginia and offers associate, bachelors, and master degrees, in addition to dual degrees, certificate programs, and learning tracks.

Other post-secondary schools in the State within a couple hours' drive of the City of Charles Town include West Virginia University and West Virginia Junior College in Morgantown, West Virginia, Fairmont State University in Fairmont, West Virginia, and Salem International University in Salem, West Virginia.

Libraries

In Jefferson County there are three public libraries bookmobiles and library research services. These are the public libraries located in Jefferson County, West Virginia: Bolivar-Harpers Ferry Public Library, Shepherdstown Public Library and South Jefferson Public Library.

The Charles Town Library is a private library primarily funded by endowments. The private library contains over 60,000 volumes within 8,000 square feet in a building on East Washington Street.

Health Care

Jefferson County, West Virginia healthcare is nothing less than state-of-the-art. Jefferson Medical Center, a part of the West Virginia University Health System, is located in the City of Ranson and provides general medical and surgical care to the Jefferson County region. The Jefferson Medical Center is a 45-bed hospital with 32 full-time and 33 part-time physicians. Inpatient services include a 24-Hour Emergency Room, Level 4-trauma center, CT Scanner, MRI Service, Ultramodern Lab Facility, Home Health Service, Intensive/Critical Care Unit and Neurodiagnostic Laboratory. Outpatient services include women's health, diagnostic and therapeutic imaging, cancer services, surgery, and physical rehabilitation.

In addition to service providers at Jefferson Medical Center, our region offers a diverse mix of independent healthcare providers, including 65 total practicing physicians, 22 dentists, 22 advanced practice providers such as nurse practitioners and certified registered nurses, five chiropractors, and four oral surgeons. The county is served by Panhandle Home Health for home healthcare services and Jefferson Urgent Care for urgent medical attention.

Utilities

The following public utilities provide service in Charles Town:

Electric: Potomac Edison
Natural Gas: Not Available
Water and Sewer: Charles Town Utility Board

Employers
The top employers in The City of Charles Town and Jefferson County:

Employer
PNGI Charles Town Gaming
Jefferson County Board of Education
Shepherd University
American Public University System
Jefferson Medical Center
Wal-Mart Stores, Inc.
Royal Vendors, Inc.
Department of the Interior (National Park Service)
Jefferson County Commission
Food Lion LLC

Source: JCDA (2014)

Unemployment

The average annual percentage of unemployment rates is as follows:

Year	City of Charles Town	Jefferson County	West Virginia	United States
2008	3.7	3.8	4.0	4.2
2009	6.5	6.6	7.6	9.3
2010	6.4	6.7	8.4	9.6
2011	6.0	6.2	7.8	8.9
2012	5.1	5.4	7.3	8.1
2013	4.1	4.8	6.8	7.4
2014	N/A	4.7	6.6	5.6
2015	N/A	4.5	6.4	5.0
2016	N/A	3.4	5.5	4.7

Source: Workforce WV, U.S. Bureau of Labor Statistics

Taxes

Local Property Tax (2019 Tax Year): Rate on each $100 valuation. Valuation based on 60 percent of assessed valuation.

	Class I	Class II	Class III & IV
County	.5874	1.1748	2.3496
Charles Town	.7076	1.4152	2.8304

Source: West Virginia Auditor

Class III & IV: All other assets not in Class II -- most notably commercial and industrial property.

Municipal Business & Occupation Tax:
Charged to businesses located within the municipal boundaries of Charles Town. The tax rates vary according to the type of business and the taxes are based on one hundred dollars of gross income. Contact the municipal B&O tax clerk for more specific information.

Municipal Sales and Use Tax:
1 percent.

State Sales Tax:
6 percent.

Local Income Tax:
There is no local or county income tax.

State Income Tax: Applicable to all taxpayers except married filing separate returns:

Taxable Income		Tax Liability		
Over	But Not Over		Plus	Of Excess Over
$0	$10,000	$0	3.0%	$0
10,000	25,000	300.00	4.0%	10,000
25,000	40,000	900.00	4.0%	25,000
40,000	60,000	1,575.00	6.0%	40,000
60,000		2,775.00	6.5%	60,000

Business Taxes: The state of West Virginia presently imposes two primary business taxes: the Corporate Net Income Tax and the Business Franchise Tax. The Corporation Net Income Tax rate is 8.5 percent of the federal taxable income of the corporation for the year. The Corporation Net Income Tax is being reduced in 2012 to 7.75 percent, in 2013 to 7 percent and in 2014 to 6.5 percent. The measure of the Business Franchise Tax is the net worth of the corporation or partnership as determined for federal income tax purposes. The tax is levied at the rate of 0.27 percent or $50, whichever is greater. The Business Franchise Tax is being phased out each year for the next three years. Three additional taxes are levied upon specialized industries. A Severance Tax is imposed on the production of natural resources. The Business and Occupation Tax, a gross receipts levy, is imposed upon public utilities and electric power producers.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CHARLES TOWN UTILITY BOARD

FOR FISCAL YEAR ENDED JUNE 30, 2017

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

P&ERRY Associates

Certified Public Accountants, A.C.

CHARLES TOWN UTILITY BOARD
Component Unit of the
Municipality of Charles Town
JEFFERSON COUNTY
Regular Audit
For the Year Ended June 30, 2017

RFP #17-230

www.perrycpas.com

..."bringing more to the table"

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Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

FOR THE YEAR ENDED JUNE 30, 2017

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PERRY & Associates
Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

December 13, 2017

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, 2017, and the related notes to the financial statements, which collectively comprise the Utility Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Utility Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Utility Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Basis for Qualified Opinion

The Utility Board has elected not to record the 2017 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 $34,578, and net position would decrease by $34,578 as of June 30, 2017. Additionally, expenses would increase by $34,578 for the year ending June 30, 2017. 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 $754,041 as of June 30, 2017.

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, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 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 CPAs A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Charles Town Utility Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017
(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, 2017. Please read it in conjunction with the Utility Board's financial statements.

FINANCIAL HIGHLIGHTS

The Utility Board's net position increased $1.2 million as a result of this year's operations. Net position of the water fund increased $0.9 million compared to the previous year, or 26 percent. Net position of the sewer fund increased by $0.3 million, or 2 percent compared to the previous year.

The Utility Board's operating revenues increased by $1.1 million and operating expenses increased by $0.7 million compared to the previous year. Water fund operating revenues increased by $0.7 million and water fund operating expenses increased by $0.5 million compared to the previous year. Sewer fund operating revenues increased by $0.4 million and sewer operating expenses increased by $0.2 million compared to the previous year.

Operating income increased by $0.2 million for the water fund and increased by $0.2 million for the sewer fund compared to the previous year.

The Utility Board had construction in progress at June 30, 2017, most significantly to upgrades of water and sewer treatment plants. Total estimated cost of the projects is $12.8 million with $8.7 million incurred as of June 30, 2017. The projects are being funded by the issuance of bonds.

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).

2. Financial Statements

   The financial statements are designed to provide readers with a broad overview of the Utility Board's finances, in a manner similar to private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

   The Statement of Net Position presents information on all the Utility Board's assets/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.

2. Financial Statements (continued)

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.

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	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 4.9	$ 9.8	$ 3.4	$ 2.5	$ 8.3	$ 12.3
Capital assets	20.5	15.4	34.9	32.4	55.4	47.8
Total assets	25.4	25.2	38.3	34.9	63.7	60.1
Deferred outflows of resources	0.8	0.8	0.4	0.3	1.2	1.1
Total assets and deferred outflows of resources	$ 26.2	$ 26.0	$ 38.7	$ 35.2	$ 64.9	$ 61.2
Long-term debt outstanding	$ 20.2	$ 21.4	$ 21.1	$ 18.6	$ 41.3	$ 40.0
Other liabilities	1.6	0.9	1.2	0.5	2.8	1.4
Total liabilities	21.8	22.3	22.3	19.1	44.1	41.4
Deferred inflows of resources	-	0.2	0.1	0.1	0.1	0.3
Net position:						
Net investment in capital assets	1.1	0.9	13.8	14.5	14.9	15.4
Restricted	2.2	1.7	2.0	1.3	4.2	3.0
Unrestricted	1.1	0.9	0.5	0.2	1.6	1.1
Total net position	4.4	3.5	16.3	16.0	20.7	19.5
Total liabilities, deferred and net position	$ 26.2	$ 26.0	$ 38.7	$ 35.2	$ 64.9	$ 61.2

Net position of the Utility Board as a whole increased by 6 percent ($1.2 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from $1.1 million at June 30, 2016, to $1.6 million at the end of this year.

Water net position increased by $0.9 million or 26 percent and sewer net position increased by $0.3 million or 2 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	
	2017	2016	2017	2016	2017	2016
Operating revenues	$ 3.9	$ 3.2	$ 3.8	$ 3.4	$ 7.7	$ 6.6
Operating expenses	3.4	2.9	3.2	3.0	6.6	5.9
Operating income	0.5	0.3	0.6	0.4	1.1	0.7
Non-operating revenues (expenses)	0.1	(0.3)	(0.4)	(0.3)	(0.3)	(0.6)
Changes in net position before capital contributions	0.6	-	0.2	0.1	0.8	0.1
Capital contributions	0.3	0.1	0.1	0.1	0.4	0.2
Change in net position	$ 0.9	$ 0.1	$ 0.3	$ 0.2	$ 1.2	$ 0.3

The Utility Board's operating revenues increased by $1.1 million or 17 percent. The operating expenses increased by $0.7 million or 12 percent. The analysis separately considers the operations of the water and sewer funds.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2017, 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, 2017, the Utility Board had $55.4 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 $7.6 million.

Table 3 - Capital Assets at Year-End (Net of Depreciation, in Millions)

	2017	2016
Capital assets not depreciated - utility plant	$ 9.2	$ 1.9
Capital assets depreciated - utility plant	70.0	67.7
Totals	79.2	69.6
Accumulated depreciation	(23.8)	(21.8)
Capital assets, net of depreciation	$ 55.4	$ 47.8

Capital additions placed in service for the year ended June 30, 2017 are as follows (in Millions)

Water	
Treatment plant improvements	$ 0.3
Equipment	0.1
Water tank improvements	0.2
Water transmission and distributions improvement projects	1.2
	1.8
Sewer	
Collection mains	0.3
Treatment plant improvements	0.2
	0.5
Total 2017 additions	$ 2.2

Debt

At year-end, the Utility Board had $42.3 million in long-term debt outstanding compared to $40.0 million in the previous year.

Table 4 - Outstanding Debt at Year-End (in Millions)

	2017	2016
Leases	$ 0.3	$ 0.3
Loans (Municipality of Charles Town)	0.5	0.5
Notes	0.1	0.1
Bonds	41.4	39.1
Total	$ 42.3	$ 40.0

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 2017 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, 2017

ASSETS AND DEFERRED OUTFLOWS

	Water Fund	Sewer Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 615,260	$ 279,561	$ 894,821
Customer accounts receivable, net of allowances	163,171	88,594	251,765
Due from sewer department	15,451	-	15,451
Due from associated companies	4,200	183,651	187,851
Inventory, at cost	100,018	1,768	101,786
Accrued utility revenue	332,786	190,224	523,010
Total current assets	1,230,886	743,798	1,974,684
RESTRICTED ASSETS			
Debt service funds	1,073,967	898,049	1,972,016
Construction funds	1,181,768	582,518	1,764,286
Capacity improvement funds	1,141,388	997,439	2,138,827
Repair and replacement funds	140,238	131,946	272,184
Total restricted assets	3,537,361	2,609,952	6,147,313
CAPITAL ASSETS			
Utility plant in service	29,617,404	40,871,949	70,489,353
Less: accumulated depreciation and amortization	14,463,980	9,333,794	23,797,774
Net utility plant in service	15,153,424	31,538,155	46,691,579
Construction in progress	5,323,619	3,380,253	8,703,872
Total capital assets	20,477,043	34,918,408	55,395,451
OTHER ASSETS			
Prepaid bond insurance	117,242	50,974	168,216
Total assets	25,362,532	38,323,132	63,685,664
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized amounts from refunding of debt	519,343	132,231	651,574
Defined benefit pension plan contribution	89,869	59,427	149,296
Collective deferred outflows related to pension	251,291	149,439	400,730
Total deferred outflows	860,503	341,097	1,201,600
Total assets and deferred outflows	$ 26,223,035	$ 38,664,229	$ 64,887,264

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2017

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	Water Fund	Sewer Fund	Totals
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	$ 198,825	$ 109,857	$ 308,682
Accrued expenses	174,957	88,257	263,214
Customer deposits	129,734	58,213	187,947
Due to water fund	-	15,451	15,451
Notes payable (current portion)	-	5,510	5,510
Capital lease payable (current portion)	93,368	-	93,368
Total current liabilities (payable from current assets)	596,884	277,288	874,172
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Revenue bonds payable	865,813	902,102	1,767,915
Accrued revenue bond interest payable	125,314	46,741	172,055
Total current liabilities (payable from restricted assets)	991,127	948,843	1,939,970
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)			
Revenue bonds payable	18,967,974	20,636,937	39,604,911
Capital lease payable	206,626	-	206,626
Notes payable	-	7,846	7,846
Accrued expenses	50,147	25,463	75,610
Loan from Charles Town	444,920	118,979	563,899
Collective net pension liability	525,226	334,238	859,464
Total long-term liabilities	20,194,893	21,123,463	41,318,356
Total liabilities	21,782,904	22,349,594	44,132,498
DEFERRED INFLOWS OF RESOURCES			
Collective deferred inflows related to pension	26,821	15,051	41,872
Total liabilities and deferred inflows	21,809,725	22,364,645	44,174,370
NET POSITION			
Net investment in capital assets	1,080,110	13,829,552	14,909,662
Restricted	2,230,279	1,980,693	4,210,972
Unrestricted	1,102,921	489,339	1,592,260
Total net position	4,413,310	16,299,584	20,712,894
Total liabilities, deferred inflows and net position	$ 26,223,035	$ 38,664,229	$ 64,887,264

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, 2017

	Water Fund	Sewer Fund	Totals
OPERATING REVENUES			
Sales and services to customers	$ 3,938,563	$ 3,795,500	$ 7,734,063
Total operating revenues	3,938,563	3,795,500	7,734,063
OPERATING EXPENSES			
Personal services	776,995	712,582	1,489,577
Contractual services	146,648	228,679	375,327
Administrative and general	156,557	110,089	266,646
Materials and supplies	265,768	389,867	655,635
Utilities	157,968	355,407	513,375
Maintenance	957,854	393,910	1,351,764
Depreciation and amortization	942,604	966,319	1,908,923
Total operating expenses	3,404,394	3,156,853	6,561,247
Operating income	534,169	638,647	1,172,816
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	17,485	12,672	30,157
Interest and fiscal charges	(399,553)	(314,773)	(714,326)
Bond issuance costs	-	(105,855)	(105,855)
Miscellaneous revenues	462,173	-	462,173
Total nonoperating revenues (expenses)	80,105	(407,956)	(327,851)
Income before contributed capital	614,274	230,691	844,965
CONTRIBUTED CAPITAL	277,483	86,779	364,262
Change in net position	891,757	317,470	1,209,227
Total net position at beginning of year	3,521,553	15,982,114	19,503,667
Total net position at end of year	$ 4,413,310	$ 16,299,584	$ 20,712,894

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS
For the year ended June 30, 2017

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 3,892,526	$ 3,722,692	$ 7,615,218
Cash paid for operation and maintenance expenses	(2,415,785)	(2,184,507)	(4,600,292)
Net cash provided by operations	1,476,741	1,538,185	3,014,926
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(6,001,214)	(3,488,828)	(9,490,042)
Bond acquisition costs paid	-	(105,855)	(105,855)
Proceeds from revenue bonds and long-term debt	140,888	3,997,250	4,138,138
Principal paid on revenue bonds and long-term debt	(951,770)	(879,957)	(1,831,727)
Payment of bond insurance	-	(40,681)	(40,681)
Interest paid on bonds, notes and leases payable	(336,297)	(299,422)	(635,719)
Decrease in restricted assets, net	5,211,085	(648,793)	4,562,292
Other contributed capital	277,483	86,779	364,262
Net cash used in capital and related financing activities	(1,659,825)	(1,379,507)	(3,039,332)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other income received	475,458	12,672	488,130
Interest paid on refunded customer security deposits	(657)	(408)	(1,065)
Interdepartmental advances/repayments	7,900	(7,900)	-
Payments to other utilities	(423)	-	(423)
Repayment of City of Charles Town general fund advances	(10,180)	(2,636)	(12,816)
Net cash provided by (used in) investing activities	472,098	1,728	473,826
Net increase in cash and cash equivalents	289,014	160,406	449,420
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	326,246	119,155	445,401
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 615,260	$ 279,561	$ 894,821

See accompanying notes to financial statements.

Charles Town Utility Board
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2017

	Water Fund	Sewer Fund	Totals
Operating income	$ 534,169	$ 638,647	$ 1,172,816
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	942,604	966,319	1,908,923
Decrease (increase) in receivables	12,576	(41,745)	(29,169)
Decrease (increase) in accrued revenues	(60,774)	(22,775)	(83,549)
Decrease (increase) in inventory	(14,245)	-	(14,245)
Decrease (increase) in pension deferred outflows	(66,590)	(48,690)	(115,280)
Increase (decrease) in accounts payable	48,748	623	49,371
Increase (decrease) in customer deposits	2,161	(8,287)	(6,126)
Increase (decrease) in accrued expenses	2,646	(377)	2,269
Increase (decrease) in collective net pension liability	223,443	156,999	380,442
Increase (decrease) in pension deferred inflows	(147,997)	(102,529)	(250,526)
Net cash provided by operating activities	$ 1,476,741	$ 1,538,185	$ 3,014,926
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Noncash investing, capital, and financing transactions:			
Capital assets financed by accounts payable	$ -	$ -	-
RECONCILIATION OF CASH			
Cash per statement of net position	$ 615,260	$ 279,561	$ 894,821
Cash per statement of cash flows	$ 615,260	$ 279,561	$ 894,821

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 6,310 water customers and 3,293 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 $5,000.

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 capitalized $285,308 of interest in the water fund and $111,137 of interest in the sewer fund during the year ended June 30, 2017.

The depreciation/amortization of assets acquired under capital leases or in excess of predecessor book value are included in depreciation expense.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Utility Board considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three months or less, to be cash equivalents.

Bank balances at June 30, 2017 includes deposits of $5,559,318 at four 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, 2017, accounts receivable for the water and sewer funds are $163,171 and $88,594, respectively, net of allowance for doubtful accounts.

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, 2017 are $332,786 and $190,224, 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, 2017.

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, 2017, amounted to $50,147 and $25,463, 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.

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to the pension, and pension expense, information about the fiduciary net position of the Utility Board's Public Retirement System (PERS) and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses accounting and financial reporting issues related to other postemployment benefits provided to employees of state and local government employers. Statement 75 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 63, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Statement 82 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern for recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Statement 83 will be effective for the Utility Board for fiscal year ending June 30, 2019.

GASB Statement No. 85, *Omnibus 2017*, purpose is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. Statement No. 85 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 86 will be effective for the Utility Board for fiscal year ending June 30, 2018.

GASB Statement No. 87, *Leases*, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. No. 87 will be effective for the Utility Board for fiscal year ending June 30, 2021.

The Utility Board has not yet determined the effect these Statements will have on its financial statements.

NOTE 3 - CASH

Cash consists of the following accounts and amounts at June 30, 2017:

	Water	Sewer	Total
Petty cash	$ 75	$ 75	$ 150
Operations and maintenance accounts	324,102	89,850	413,952
Security deposit accounts	39,412	54,806	94,218
Working capital reserve accounts	251,671	134,830	386,501
	$ 615,260	$ 279,561	$ 894,821

NOTE 4 - CAPITAL ASSETS

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017
Capital Assets Not Depreciated				
Land and land rights	$ 525,800	$ -	$ -	$ 525,800
Construction in progress	1,432,270	9,466,634	2,195,032	8,703,872
Total Capital Assets Not	1,958,070	9,466,634	2,195,032	9,229,672
Capital Assets Depreciated				
Utility plant in service	67,768,521	2,195,032	-	69,963,553
Less accumulated depreciation	(21,888,851)	(1,908,923)	-	(23,797,774)
Net Capital Assets Depreciated	45,879,670	286,109	-	46,165,779
Total Capital Assets	$ 47,837,740	$ 9,752,743	$ 2,195,032	$ 55,395,451
Depreciation Expense	$ 1,908,923			

NOTE 5 - LONG-TERM DEBT

The following is a summary of bonds and notes payable at June 30, 2017:

Bonds Payable - Water Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017	Due Within One Year
1987B	2026	0.00%	$ 119,735	$ -	$ 10,885	$ 108,850	$ 10,885
1988B	2028	0.00%	185,992	-	14,308	171,684	14,308
1989B	2029	0.00%	42,173	-	3,012	39,161	3,012
2002A	2039	5.80%	931,380	-	18,826	912,554	19,917
2002B	2042	0.00%	2,431,168	-	93,507	2,337,661	93,507
2010A	2031	2.00%	706,981	-	41,638	665,343	42,478
2010B	2031	2.00%	77,480	-	4,563	72,917	4,656
2013B	2043	4.70%	1,096,600	-	28,800	1,067,800	22,800
2014C	2033	2.50%-4.75%	790,000	-	35,000	755,000	35,000
2014E	2026	1.50%-3.40%	1,265,000	-	110,000	1,155,000	115,000
2015A	2030	1.50%-3.50%	1,732,500	-	81,900	1,650,600	85,050
2015B	2029	1.50%-4.00%	3,527,550	-	238,950	3,288,600	259,200
2016A	2046	1.60%-4.50%	7,695,000	-	140,000	7,555,000	160,000
Total Bonds Payable			$ 20,601,559	$ -	$ 21,389	19,780,170	$ 865,813
					Unamortized Premiums/ Discounts,	53,617	
						$ 19,833,787	

Maturities of water bonds payable for years succeeding June 30, 2017, are as follows:

Year	Principal	Interest	Total
2018	$ 865,813	$ 581,070	$ 1,446,883
2019	889,165	563,725	1,452,890
2020	905,407	547,115	1,452,522
2021	921,789	529,969	1,451,758
2022	933,217	511,190	1,444,407
2023-2027	4,893,994	2,174,805	7,068,799
2028-2032	3,494,121	1,524,033	5,018,154
2033-2037	2,535,703	1,000,643	3,536,346
2038-2042	2,631,061	560,868	3,191,929
2043-2046	1,709,900	152,381	1,862,281
	$ 19,780,170	$ 8,145,799	$ 27,925,969

NOTE 5 - LONG-TERM DEBT (continued)

Bonds Payable - Sewer Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017	Due Within One Year
1988B	2028	0.00%	$ 98,628	$ -	$ 7,588	$ 91,040	$ 7,588
1998 Design	2019	2.00%	83,500	-	25,119	58,381	25,625
2000A	2021	2.00%	999,300	-	173,632	825,668	177,130
2010C	2041	0.00%	1,041,660	-	41,668	999,992	41,668
2010D	2041	0.00%	416,660	-	16,668	399,992	16,668
2011A	2041	0.00%	6,259,320	-	250,373	6,008,947	250,373
2013A	2044	0.50%	559,827	-	18,497	541,330	18,590
2013B	2043	4.70%	1,768,400	-	26,200	1,742,200	37,200
2014A	2046	0.50%	4,027,528	-	125,880	3,901,648	126,510
2014D	2028	3.00%-5.00%	1,310,000	-	85,000	1,225,000	90,000
2015A	2030	1.50%-3.50%	1,017,500	-	48,100	969,400	49,950
2015B	2030	1.50%-4.00%	827,450	-	56,050	771,400	60,800
2016B	2046	1.50%-4.00%	-	3,895,000	-	3,895,000	-
Total Bonds Payable			$ 18,409,773	$ 3,895,000	$ 874,775	$ 21,429,998	$ 902,102
				Unamortized Premiums/ Discounts, Net		109,041	
						$ 21,539,039	

Maturities of sewer bonds payable for years succeeding June 30, 2017, are as follows:

Year	Principal	Interest	Total
2018	$ 902,102	$ 411,706	$ 1,313,808
2019	915,665	400,190	1,315,855
2020	926,458	385,942	1,312,400
2021	940,194	372,750	1,312,944
2022	954,272	350,641	1,304,913
2023-2027	4,076,732	1,503,455	5,580,187
2028-2032	3,848,453	1,128,667	4,977,120
2033-2037	3,620,698	813,395	4,434,093
2038-2042	3,516,529	478,270	3,994,799
2043-2046	1,728,895	96,393	1,825,288
	$ 21,429,998	$ 5,941,409	$ 27,371,407

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.

NOTE 5 - LONG-TERM DEBT (continued)

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, 2017.

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, 2017.

Note 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.	$ 13,356

Scheduled maturities of the note for the years succeeding June 30, 2017 are estimated as follows:

Year	Principal	Interest	Total
2018	$ 5,510	$ 668	$ 6,178
2019	5,859	319	6,178
2020	1,987	25	2,012
	$ 13,356	$ 1,012	$ 14,368

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, 2017.

Leased Equipment	Expiration	Water Fund Remaining Minimum (net of interest) Lease Payments
Various utility improvements, equipment, and vehicles	2018-2022	
Total capital leases payable at June 30, 2017		$ 299,994
Less: Current portion due in upcoming year		(93,368)
Long-term capital leases payable at June 30, 2017 (net of current portion)		$ 206,626

NOTE 6 - LEASE AGREEMENTS (continued)

Capital Leases (continued)

Estimated minimum future lease payments under the capital leases as of June 30, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 93,368	$ 10,792	$ 104,160
2019	96,957	7,203	104,160
2020	66,519	3,737	70,256
2021	25,469	1,661	27,130
2022	17,681	629	18,310
	$ 299,994	$ 24,022	$ 324,016

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES OTHER THAN BONDS

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Notes payable	$ 18,539	$ -	$ 5,183	$ 13,356
Capital lease payable	289,488	140,888	130,382	299,994
Loan from Charles Town	576,715	-	12,816	563,899
Accrued compensated absences	76,672	-	1,062	75,610
Collective net pension liability	479,022	581,565	201,123	859,464
Total	$ 1,440,436	$ 722,453	$ 350,566	$ 1,812,323

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description, Contribution Information, and Funding Policies

The Utility Board participates in the West Virginia Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Utility Board employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

PERS is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

Eligibility to participate:	All Utility Board full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	State Statute
Tier 1 Plan member's contribution rate:	4.50% (Employees hired before July 1, 2015)
Tier 2 Plan member's contribution rate:	6.00% (Employees hired after July 1, 2015)
Utility Board's contribution rate:	12.00% for fiscal year 2017
Period required to vest:	5 years for Tier 1 and 10 years for Tier 2
Benefits and eligibility for distribution:	Tier 1 A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit. Tier 2 Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion:	No
Provisions for:	
Cost of living	No
Death benefits	Yes

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2017	$149,296	100%
2016	$174,028	100%
2015	$162,876	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

At June 30, 2017, the Utility Board reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 using the actuarial assumptions and methods described in the appropriate section of this note. The Utility Board's proportion of the net pension liability was based on a projection of the Utility Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2017, the Utility Board reported the following proportion and increase/(decrease) from its proportion measured as of June 30, 2016:

Amount for proportionate share of net pension liability	$859,464
Percentage for proportionate share of net pension liability	.09351%
Increase/(decrease) % from prior proportion measured	.007726%

For the year ended June 30, 2017, the Utility Board recognized the following pension expense:

	Water	Sewer	Total
Pension expense	$ 99,204	$ 65,600	$ 164,804

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension (continued)

The Utility Board reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	$ 270,075	$ -
Difference between expected and actual experience	71,672	-
Deferred difference in assumptions	-	41,872
Changes in proportion and differences between Utility Board contributions and proportionate share of contributions	58,983	-
Utility Board contributions subsequent to the measurement date	149,296	-
	$ 550,026	$ 41,872

The amount reported as deferred outflows of resources related to the pension plan resulting from Utility Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year ended June 30	
2018	$ 67,533
2019	67,530
2020	138,579
2021	85,216
Total	$ 358,858

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, and rolled forward to June 30, 2016, which is the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Individual entry age normal cost with level percentage of payroll
Asset Valuation Method	Fair value
Amortization Method	Level dollar, fixed period
Amortization Period	Through fiscal year 2034
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases:	
PERS:	
State	3.0-4.6%
Nonstate	3.35-6%
Inflation Rate	3.00%
Discount Rate	7.50%
Mortality Rates	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA fully generational; Healthy females - 101% of RP-2000, Disabled males - 96% of RP-2000 Disabled females - 107% of RP 2000 Disabled Annuitant, Scale AA fully generational
Withdrawal Rates:	
State	1.75-35.1%
Nonstate	2-35.8%
Disability Rates	0-.675%
Retirement Rates	15-100%
Date Range in Most Recent Experience Study	2009-2014

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (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 percentage and by adding expected inflation. Rates summarized in the following table as of June 30, 2016, include the inflation component and were used for the defined benefit plan:

Asset Class	Long-Term Expected Rate of Return	PERS Target Asset Allocation
US Equity	7.00%	27.50%
International Equity	7.70%	27.50%
Core Fixed Income	2.70%	7.50%
High Yield Fixed Income	5.50%	7.50%
TPS	2.70%	0.00%
Real Estate	7.00%	10.00%
Private Equity	9.40%	10.00%
Hedge Funds	4.70%	10.00%
		100.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for the defined benefit plan. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for 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 liability of the plan.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Utility Board's proportionate share of net pension liability	$ 1,555,768	$ 859,464	$ 268,121

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

NOTE 9 - 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 2017 and certain preceding years which is required under Generally Accepted Accounting Principles.

NOTE 10 - 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 11 - 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 $444,920 and $118,979 for the water and sewer departments, respectively, at June 30, 2017.

NOTE 12 - RESTRICTED NET POSITION

Restricted net position reflect that portion of total net assets legally or contractually segregated for a specific future use. The following amounts represent restricted net position at June 30, 2017:

Cash and temporary investments	
Debt service and debt service reserve funds	$1,972,016
Capacity improvement funds	2,138,827
Total	$4,210,972

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Utility Board is in the construction phase of various water and sewer projects with estimated costs of approximately $12.8 million. Costs incurred through June 30, 2017 amount to approximately $8.7 million. The projects are being financed with the proceeds from bond issuances, grant awards, and internal capacity improvement funds.

NOTE 14 - SUBSEQUENT EVENTS

The Utility Board has evaluated all subsequent events through December 13, 2017, the date the financial statements were available to be issued. The Utility Board has determined there are no additional subsequent events that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CHARLES TOWN UTILITY BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
June 30, 2017

Public Employees Retirement System - Last 10 Fiscal Years (1)

	2016	2015	2014
Board's proportion of the net pension liability (asset) (percentage)	0.09351%	0.085784%	0.080179%
Board's proportionate share of the net pension liability (asset)	$ 859,464	$ 479,022	$ 295,926
Board's covered payroll	$ 1,289,097	$ 1,163,400	$ 1,095,816
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	69.08%	41.17%	27.01%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%

(1) Information prior to 2014 is not available

Charles Town Utility Board
Required Supplemental Information
SCHEDULE OF CONTRIBUTIONS
June 30, 2017

Public Employees Retirement System

	2017	2016	2015
Contractually required contribution	$ 149,296	$ 174,028	$ 162,876
Contributions in relation to contractually required contribution	(149,296)	(174,028)	(162,876)
Contribution deficit (surplus)	$ -	$ -	$ -
Board's covered payroll	$ 1,244,131	$ 1,289,097	$ 1,163,400
Contributions as a percentage of covered payroll	12.00%	13.50%	14.00%

The information presented is only available as of June 30, 2015.
The Board will be adding additional years to the schedule as information is available.

PERRY & Associates
Certified Public Accountants, A.C.

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104 South Sugar St.
St. Clairsville, OH 43950
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1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

December 13, 2017

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, 2017, 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 December 13, 2017, 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, 2017.

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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 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

CHARLES TOWN UTILITY BOARD
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2017-001

Material Weakness

OPEB Liability

The Utility Board has elected not to record the 2017 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 $34,578, and net position would decrease by $34,578 as of June 30, 2017. Additionally, expenses would increase by $34,578 for the year ending June 30, 2017. 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 $754,041 as of June 30, 2017.

Management's Response – The Charles Town Utility Board acknowledges that the financial statements have the OPEB departure. As of April 22, 2015, the Utility Board is no longer regulated by the West Virginia Public Service Commission (WV PSC) and their policy disallowed the unpaid OPEB. Going forward, this liability will be reviewed and evaluated to determine compliance with generally accepted accounting principles.

CHARLES TOWN UTILITY BOARD
JEFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2016-001	OPEB Liability	No	Repeated as Finding 2017-001

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY OF RANSON

FOR FISCAL YEAR ENDED JUNE 30, 2017

RFP# 16-253
Jefferson County

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

AUDIT REPORT OF
THE CITY OF RANSON, WEST VIRGINIA
REGULAR AUDIT

For the Year Ended June 30, 2017
Fiscal Year Audited Under GAGAS: 2017

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CITY OF RANSON, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

CITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN THE REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General Fund
Coal Severance Fund
Capital Improvements Fund
Sales Tax Fund

PROPRIETARY FUND TYPES

MAJOR FUND

Sewer Fund

COMPONENT UNITS

Discretely Presented

City of Ranson Building Commission
City of Ranson Convention and Visitors Bureau, Inc.
City of Ranson Parks & Recreation, Inc.

CITY OF RANSON, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2017

OFFICE	NAME	TERM
	Elective	
Mayor:	Keith Pierson	02/16/16 / 06/30/17
Council Members:	Mike Anderson	07/01/13 / 06/30/17
	David Cheshire	07/01/14 / 06/30/18
	Scott Coulter	07/01/14 / 06/30/18
	Anthony Grant	04/05/16 / 06/30/17
	Donnie Haines	07/01/14 / 06/30/18
	Jay Watson	11/01/14 / 06/30/18
Appointed Officials		
City Manager	Andrew Blake	07/01/13 / 06/30/17

FINANCIAL SECTION

Independent Auditor's Report

City of Ranson
Jefferson County, West Virginia
312 South Mildred Street
Ranson, West Virginia, 25438

To the Mayor and Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the discretely presented components of the City of Ranson, Jefferson County, West Virginia (the City), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City'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 preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City'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 City'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 audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Ranson, Jefferson County, West Virginia, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Fund, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis 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 that 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 any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

Other Information

The introductory section presents additional analysis and is not a required part of the basic financial statements. We did not subject the introductory section to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018, on our consideration of the City'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 City's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Huntington, West Virginia
April 6, 2018

The discussion and analysis of the City of Ranson's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's net position increased by $1.9 million as a result of this year's operations. Net position of the business-type activities increased at $0.1 million compared to the previous year or 9 percent, net position of the governmental activities increased by $1.8 million, or 14 percent.

During the year, the City had expenses for governmental programs that were $4.0 million more than the $1.2 million generated by governmental program revenues, which includes fees for services and intergovernmental aid. The remaining cost of governmental activities was financed with general revenues, which totaled $5.7 million for the year.

The City implemented a local sales tax effective July 1, 2015, which generated $1.3 million for 2017 and $1.0 million for 2016.

In the City's business-type activities, revenues increased $0.2 million or 18% and expenses increased by $0.1 million or 9%.

The City was a participant in an intergovernmental project to construct Fairfax Blvd. improvements. Phase 1 of the project was completed in March 2017 and the City placed in service $2.4 million of improvements. Phase 2 of the project is in the design stage.

The general fund ended the year with a fund balance of $2.6 million, a $0.9 million decrease from the previous year as a result of capital improvements projects through the capital improvement fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements present a shorter term view, and tell how governmental services were financed in the near term as well as funds remaining for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

USING THIS ANNUAL REPORT (CONTINUED)

Reporting the City as a Whole (continued)

These two statements report the City's net position and changes in it. You can think of the City's net position-the difference between assets and liabilities-as one way to measure whether the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental activities-Most of the City's basic services are reported here, including the police, streets, sanitation, and general administration. Property taxes, business and occupation taxes, sales taxes, and general revenues finance most of these activities.

Business-type activities-The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer system is reported here.

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental funds-Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in the reconciliations following each of the fund financial statements.

Proprietary funds–When the City charges customers for the services it provides-whether to outside customers or to other units of the City-these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, these funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

THE CITY AS A WHOLE

The City's combined net position increased $1.9 million from a year ago-increasing from $14.3 million to $16.2 million. Reviewing the net position of governmental and business-type activities separately provides more detail about these changes. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 9.0	$ 8.3	$ 0.5	$ 0.4	$ 9.5	$ 8.7
Capital assets	6.7	5.9	0.8	0.8	7.5	6.7
Total assets	$ 15.7	$ 14.2	$ 1.3	$ 1.2	$ 17.0	$ 15.4
Long-term debt outstanding	$ -	$ -	$ -	$ -	$ -	$ -
Liabilities	0.7	1.0	0.1	0.1	0.8	1.1
Total liabilities	0.7	1.0	0.1	0.1	0.8	1.1
Net position:						
Net investment in capital assets	6.7	5.9	0.8	0.8	7.5	6.7
Restricted			-	-	-	
Unrestricted	8.3	7.3	0.4	0.3	8.7	7.6
Total net position	15.0	13.2	1.2	1.1	16.2	14.3
Total liabilities and net position	$ 15.7	$ 14.2	$ 1.3	$ 1.2	$ 17.0	$ 15.4

Net position of the City's governmental activities increased by 14 percent ($1.8 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 $7.3 million at June 30, 2016, to $8.3 million at the end of this year.

The net position of business-type activities increased by $0.1 million compared to the previous year or 9%. Unrestricted net position increased at $0.1 million compared to the previous year. The City generally can use unrestricted net position to finance the continuing operations of the sewer department.

THE CITY AS A WHOLE (CONTINUED)

Table 2
Changes in Net position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	$ 1.1	$ 1.1	$ 1.3	$ 1.1	$ 2.4	$ 2.2
Capital grants and contributions	0.1	-	-	-	0.1	-
General revenues:						
Property taxes	1.1	1.0	-	-	1.1	1.0
Business and occupation tax	1.5	1.5	-	-	1.5	1.5
Sales tax	1.3	1.0	-	-	1.3	1.0
Alcoholic beverage tax	0.1	0.1	-	-	0.1	0.1
Hotel/motel tax	0.4	0.4	-	-	0.4	0.4
Utility services tax	0.1	0.1	-	-	0.1	0.1
Video lottery/table gaming	1.0	1.1	-	-	1.0	1.1
Other general revenues	0.1	0.1	-	-	0.1	0.1
Total revenues	6.8	6.4	1.3	1.1	8.1	7.5
Expenses						
General government	1.6	1.7	-	-	1.6	1.7
Public safety	1.6	1.4	-	-	1.6	1.4
Streets and transportation	1.1	1.0	-	-	1.1	1.0
Health and sanitation	0.4	0.4	-	-	0.4	0.4
Culture and recreation	0.5	0.7	-	-	0.5	0.7
Sewer	-	-	1.2	1.1	1.2	1.1
Total expenses	5.2	5.2	1.2	1.1	6.4	6.3
Change in net position	$ 1.6	$ 1.2	$ 0.1	$ 0.0	$ 1.7	$ 1.2

The City's total revenues increased by $0.7 million during the year or 9 percent, primarily because of an increase in general tax revenues and charges for utility services. The total cost of all programs and services increased by 2 percent ($0.1 million) because of an increase in purchased sewer treatment costs and other sewer services costs. The analysis separately considers the operations of governmental and business-type activities.

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities

Revenues for the City's governmental activities increased by $0.5 million, and total expenses remained constant at $5.2 million. The factors driving these results include the following:

a) The City's governmental revenue increased because of a an increase in general government tax revenues including an additional $0.3 million of sales tax revenues.

b) The City's governmental expenses remained constant at $5.2 million as a result of cost controls implemented.

The cost of all governmental activities this year was $5.2 million for both 2017 and 2016. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through City general revenues was $4.0 million because some of the cost was paid by those who directly benefitted from the programs ($1.2 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, increased $0.1 million to $1.2 million. The City paid for the remaining "public benefit" portion of governmental activities with $4.0 million in taxes (some of which could only be used for certain programs) and with general revenues, such as video lottery/table gaming revenues, and developer fees.

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased $0.2 million compared to the previous year and expenses increased $0.1 million. The factors driving these results include:

a) Revenues have increased as a result of increases in sewer rates and charges.

b) Costs increased as a result of an increase in purchased treatment costs and other sewer operating costs.

THE CITY'S FUNDS

As the City completed the year, the governmental funds reported a combined fund balance of $8.3 million, which is an increase of 12 percent ($0.9 million).

General Fund Budgetary Highlights

Over the course of the year, the City Council made occasional revisions to the City budget. These budget amendments were made to reflect anticipated funding changes in the City's operations.

Even with the above mentioned amendments, the City's actual revenues exceeded budgeted revenues by $0.3 million and actual expenditures were $0.6 million less than reflected budgeted expenditures. Actual ending general fund balance exceeded budgeted ending general fund balance by $2.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the City had $7.5 million invested in a broad range of capital assets, including land, leasehold improvements, roads, equipment and vehicles, and sewer infrastructure. (See Table 3 below). This amount represents a net increase (including accumulated depreciation) of $0.7 million, or 10 percent.

Construction in progress consists of planning, design and construction costs related to Phase 2 Fairfax Blvd. (streets and sidewalks) improvements.

Table 3
Changes in Capital Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 0.8	$ 0.8	$ -	$ -	$ 0.8	$ 0.8
Leasehold improvements	0.9	0.9	-	-	0.9	0.9
Roads	5.4	2.9	-	-	5.4	2.9
Equipment, vehicles, and software	3.0	2.7	-	-	3.0	2.7
Utility plant	-	-	2.1	2.1	2.1	2.1
Construction in progress	-	1.6	0.1	0.1	0.1	1.7
Total	10.1	8.9	2.2	2.2	12.3	11.1
Accumulated depreciation	(3.4)	(3.0)	(1.4)	(1.3)	(4.8)	(4.3)
Capital assets, net of accumulated depreciation	$ 6.7	$ 5.9	$ 0.8	$ 0.9	$ 7.5	$ 6.8

This year's major additions included (in millions)	
Vehicles	0.2
Streets and sidewalks (including (construction in progress)	1.0
Total	$ 1.2

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt and Long-term Liabilities

At year-end, the City had minimal outstanding fixed debt. Other long-term liabilities represent accrued compensated absences for employees.

Table 4
Outstanding Long-Term Liabilities at Year-End (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Accrued compensated absences	$ 0.2	$ 0.2	$ -	$ -	$ 0.2	$ 0.2
Total	$ 0.2	$ 0.2	$ -	$ -	$ 0.2	$ 0.2

ECONOMIC FACTORS

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates, and fees. One of those factors is the general economy. A second factor is the County's increasing population.

The City of Ranson is optimistic about its potential for economic growth in the future. The increasing population, infrastructure improvements, annexation, and procurement of grants and other funding sources are all positive indicators for continued economic growth in the City of Ranson.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money its receives. If you have questions about this report or need additional financial information, contact the Director of Finance at City Hall 312 S. Mildred Street, Ranson, West Virginia.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Building Commission	Visitors and Convention Bureau	Parks & Recreation
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	$ 7,912,079	$ 280,810	$ 8,192,889	$ 18,097	$ 327,611	$ 171,200
Accounts Receivable	74,225	273,596	347,821	-	-	-
Taxes Receivable	926,111	-	926,111	-	-	-
Grants Receivable	10,658	-	10,658	-	-	-
Due from Associated Entities	-	-	-	-	205,512	189,555
Internal Balances	46,306	(46,306)	-	-	-	-
Noncurrent Assets:						
Restricted Assets:						
Regular Account	14,459	-	14,459	54,694	-	-
Land	778,466	-	778,466	137,000	-	-
Land Improvements	-	-	-	-	-	18,229
Construction in Progress	15,010	45,671	60,681	-	-	-
Depreciable:						
Buildings	-	-	-	122,000	-	43,416
Structures and Improvements	-	-	-	1,493,116	-	-
Leasehold Improvements	837,270	-	837,270	-	-	-
Streets	5,468,712	-	5,468,712	-	-	-
Utility Plant Inservice	-	2,106,006	2,106,006	-	-	-
Machinery and Equipment	2,981,797	-	2,981,797	-	8,986	104,888
Less: Accumulated Depreciation	(3,402,221)	(1,332,329)	(4,734,550)	(454,277)	(7,558)	(61,563)
Total Assets	$ 15,662,872	$ 1,327,448	$ 16,990,320	$1,370,630	$ 534,551	$ 465,725
LIABILITIES:						
Current Liabilities:						
Accounts Payable	$ 85,831	$ 51,146	$ 136,977	$ -	$ 2,241	$ 3,290
Other Accrued Expense	87,270	13,258	100,528	1,343	1,774	2,903
Deferred Rent Revenue	-	-	-	18,016	-	-
Development Bonds Held	14,459	-	14,459	-	-	-
Due to Associated Entities	395,067	-	395,067	-	-	-
Noncurrent Liabilities Due within One Year:						
Bonds Payable	-	-	-	180,473	-	-
Leases Payable	-	15,651	15,651	-	-	-
Noncurrent Liabilities Due in More than One Year:						
Accrued Expenses	162,448	12,695	175,143	-	1,832	5,232
Bonds Payable	-	-	-	994,467	-	-
Leases Payable	-	15,966	15,966	-	-	-
Total Liabilities	$ 745,075	$ 108,716	$ 853,791	$1,194,299	$ 5,847	$ 11,425
NET POSITION:						
Net Investment in Capital Assets	$ 6,679,034	$ 787,731	$ 7,466,765	$ 122,899	$ 1,428	$ 104,970
Restricted for Construction	-	-	-	54,694	-	-
Unrestricted	8,238,763	431,001	8,669,764	(1,262)	527,276	349,330
Total Net Position	$ 14,917,797	$ 1,218,732	$ 16,136,529	$ 176,331	$ 528,704	$ 454,300

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Parks & Recreation	Component Units: Convention & Visitors Bureau	Component Units: Building Commission
Primary Government:										
Governmental Activities:										
General Government	$ 1,645,654	$ 301,596	$ -	$ -	$ (1,344,058)	$ -	$ (1,344,058)	$ -	$ -	$ -
Public Safety	1,556,242	280,397	40,333	20,654	(1,214,858)	-	(1,214,858)	-	-	-
Streets and Transportation	1,055,668	-	11,253	-	(1,044,415)	-	(1,044,415)	-	-	-
Health and Sanitation	437,229	468,388	-	-	31,159	-	31,159	-	-	-
Culture and Recreation	447,672	-	-	-	(447,672)	-	(447,672)	-	-	-
Total Governmental Activities	5,142,465	1,050,381	51,586	20,654	(4,019,844)	-	(4,019,844)	-	-	-
Business-type Activities:										
Sewer	1,196,277	1,278,553	-	(1,127)	-	81,149	81,149	-	-	-
Total Business-type Activities	1,196,277	1,278,553	-	(1,127)	-	81,149	81,149	-	-	-
Total Primary Government	$ 6,338,742	$ 2,328,934	$ 51,586	$ 19,527	(4,019,844)	81,149	(3,938,695)	-	-	-
COMPONENT UNITS										
Building Commission	$ 80,217	$ 216,188	$ -	$ -				135,971	-	-
Convention and Visitors Bureau	183,535	231,125	11,551	-				-	59,141	-
Parks and Recreation	225,018	265,632	-	-				-	-	40,614
Total Component Units	$ 488,770	$ 712,945	$ 11,551	$ -				135,971	59,141	40,614
General revenues:										
Taxes:										
Property Taxes, Levied for General Purposes					1,071,542	-	1,071,542	-	-	-
Business and Occupation Tax					1,542,470	-	1,542,470	-	-	-
Sales Tax					1,317,201	-	1,317,201	-	-	-
Alcoholic Beverage Tax					130,650	-	130,650	-	-	-
Utility Services Tax					146,098	-	146,098	-	-	-
Hotel/Motel Tax					445,636	-	445,636	-	-	-
Other Taxes					7,494	-	7,494	-	-	-
Miscellaneous					84,898	-	84,898	-	-	-
Developer Fees					10,350	-	10,350	-	-	-
Interest Income					8,031	1,054	9,085	50	-	-
Video Lottery/Table Gaming					975,151	-	975,151	-	-	-
Total General Revenues					5,739,521	1,054	5,740,575	50	-	-
Change in Net Position					1,719,677	82,203	1,801,880	136,021	59,141	40,614
Total Net Position at Beginning of Year					13,198,120	1,136,529	14,334,649	40,310	469,563	413,686
Total Net Position at End of Year					$ 14,917,797	$ 1,218,732	$ 16,136,529	$ 176,331	$ 528,704	$ 454,300

The notes to the basic financial statements are an integral part of this statement

CITY OF RANSON, WEST VIRGINIA
Balance Sheet - Governmental Funds
June 30, 2017

	General	Coal Severance Tax	Capital Improvement	Sales Tax Fund	Totals
ASSETS					
Cash	$ 2,527,615	$ 194,693	$ 4,340,068	$ 849,703	$ 7,912,079
Restricted cash	-	-	14,459	-	14,459
Receivables, Net of Allowances:					
Taxes	580,966	-	-	345,145	926,111
Accounts	38,935	3,770	31,520	-	74,225
Grants	10,658	-	-	-	10,658
Due from Other Funds/Associated Entities	65,800	-	-	-	65,800
Total Assets	$ 3,223,974	$ 198,463	$ 4,386,047	$ 1,194,848	$ 9,003,332
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 83,631	$ -	$ 2,200	$ -	$ 85,831
Development Bonds Held	-	-	14,459	-	14,459
Due to Other Funds/Associated Entities	395,067	-	19,494	-	414,561
Other Accrued Expenses	87,270	-	-	-	87,270
Total Liabilities	565,968	-	36,153	-	602,121
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	68,576	-	-	-	68,576
Total Deferred Inflows of Resources	68,576	-	-	-	68,576
Fund Balances					
Committed	-	-	4,349,894	1,194,848	5,544,742
Assigned	2,589,430	198,463	-	-	2,787,893
Total Fund Balances	2,589,430	198,463	4,349,894	1,194,848	8,332,635
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,223,974	$ 198,463	$ 4,386,047	$ 1,194,848	$ 9,003,332

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Reconciliation of the Balance Sheet - Governmental Funds to
the Statement of Net Position
June 30, 2017

Total Governmental Fund Balances	$	8,332,635
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,679,034
Other long-term assets are not available to pay current period expenditures and therefore, are deferred inflows of resources in the funds.		68,576
Long-Term Liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds.		(162,448)
Net Position of Governmental Activities	$	14,917,797

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Coal Severance Tax	Capital Improvements	Sales Tax	Total Governmental Funds
REVENUES:					
Taxes:					
Taxes (Including Interest and Penalties)	$ 3,350,403	$ -	$ -	$ 1,317,201	$ 4,667,604
Licenses, Permits and Miscellaneous Fees	151,962	-	-	-	151,962
Intergovernmental:					
Federal	60,987	-	-	-	60,987
State	-	11,253	-	-	11,253
Charges for Services	468,388	-	-	-	468,388
Fines and Forfeits	280,397	-	-	-	280,397
Developer Fees	-	-	10,350	-	10,350
Franchise Fees	61,051	-	-	-	61,051
Interest	5,988	190	1,780	73	8,031
Video Lottery/Table Gaming	-	-	975,151	-	975,151
Contributions from Other Entities	27,872	-	-	-	27,872
Charges to Other Funds	88,583	-	-	-	88,583
Miscellaneous	56,009	-	1,017	-	57,026
Total Revenues	4,551,640	11,443	988,298	1,317,274	6,868,655
					-
EXPENDITURES					-
General Government	1,531,436	-	83,883	-	1,615,319
Public Safety	1,461,445	-	148,523	-	1,609,968
Streets and Transportation	815,832	-	1,062,918	-	1,878,750
Health and Sanitation	437,229	-	-	-	437,229
Culture and Recreation	422,112	-	-	-	422,112
					-
Total Expenditures	4,668,054	-	1,295,324	-	5,963,378
					-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,414)	11,443	(307,026)	1,317,274	905,277
					-
Other Financing Sources (Uses):					-
Transfers in	900,000	-	1,695,970	-	2,595,970
Transfers out	(1,695,970)	-	(50,000)	(850,000)	(2,595,970)
					-
Total Other Financing Sources (Uses)	(795,970)	-	1,645,970	(850,000)	-
					-
Net Change in Fund Balance	(912,384)	11,443	1,338,944	467,274	905,277
Fund Balance at Beginning of Year	3,501,814	187,020	3,010,950	727,574	7,427,358
Fund Balance at End of Year	$ 2,589,430	$ 198,463	$ 4,349,894	$ 1,194,848	$ 8,332,635

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 905,277
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which Capital asset addtions exceeded depreciation in the current period.		
Capital Asset Additions	1,256,691	
Current year Depreciation	(430,117)	
Total		826,574
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(6,513)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in Compensated Absences		(5,661)
Net Change in Net Position of Governmental Activities		$ 1,719,677

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	$ 1,019,318	$ 1,019,318	$ 1,078,055	$ 58,737
Business & Occupation Tax	1,500,000	1,500,000	1,542,470	42,470
Alcoholic Beverage Tax	100,000	100,000	130,650	30,650
Other Taxes	6,000	6,000	7,494	1,494
Hotel Occupancy Tax	300,000	400,000	445,636	45,636
Utility Service Tax	160,000	160,000	146,098	(13,902)
Licenses, Permits and Miscellaneous	83,000	83,000	151,962	68,962
Federal Revenues	61,000	61,000	60,987	(13)
Charges for Services	380,000	380,000	468,388	88,388
Fines and Forfeitures	220,400	220,400	280,397	59,997
Interest Earnings	5,000	5,000	5,988	988
Franchise Fees	20,000	20,000	61,051	41,051
Reimbursements	22,836	25,296	27,872	2,576
Charges to Other Funds	200,000	200,000	88,583	(111,417)
Miscellaneous	81,925	81,925	56,009	(25,916)
Total Revenues	4,159,479	4,261,939	4,551,640	289,701
Expenditures:				
Current:				
General Government	1,921,666	1,987,066	1,531,436	455,630
Public Safety	1,502,900	1,540,360	1,461,445	78,915
Streets and Transportation	904,913	960,321	815,832	144,489
Health and Sanitation	380,000	400,000	437,229	(37,229)
Culture and Recreation	300,000	400,000	422,122	(22,122)
Total Expenditures	5,009,479	5,287,747	4,668,064	619,683
Excess (Deficiency) of Revenues Under (Over) Expenditures	(850,000)	(1,025,808)	(116,424)	909,384
Other Financial Sources (uses):				
Transfers in	850,000	850,000	900,000	50,000
Transfers out	-	(1,498,238)	(1,695,970)	(197,732)
Net Change in Fund Balance	-	(1,674,046)	(912,394)	761,652
Fund Balance at Beginning of Year	-	1,674,046	3,501,814	1,827,768
Fund Balance at End of Year	$ -	$ -	$ 2,589,420	$ 2,589,420

The notes to the basic financial statements are an integral part of this schedule.

CITY OF RANSON, WEST VIRGINIA
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Coal Severance Tax Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Modified Accrual Basis	Variance with Final Budget
Revenues:				
Coal Severance Tax	$ 6,000	$ 6,000	$ 11,253	$ 5,253
Interest Income			190	190
Total Revenues	6,000	6,000	11,443	5,443
Expenditures:				
Streets and Transportation	6,000	182,554	-	182,554
Total Expenditures	6,000	182,554	-	182,554
Net Change in Fund Balance	-	(176,554)	11,443	187,997
Fund Balance at Beginning of Year	-	176,554	187,020	10,466
Fund Balance at End of Year	$ -	$ -	$ 198,463	$ 198,463

The notes to the basic financial statements are an integral part of this schedule.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business-Type Activities Enterprise Funds	
		Sewer
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	280,810
Accounts Receivable-Net		273,596
Capital Assets:		
Construction in Progress		45,671
Depreciable:		
Utility Plant in Service		2,106,006
Less: Accumulated Depreciation		(1,332,329)
Total Assets	$	1,373,754
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$	51,146
Accrued Expenses		12,993
Accrued Interest		265
Due to General Fund		46,306
Leases Payable - Due within One Year		15,651
Noncurrent Liabilities:		
Accrued Compensated Absences		12,695
Leases Payable - Due in More than One Year		15,966
Total Liabilities	$	155,022
NET POSITION:		
Net Investment in Capital Assets	$	787,731
Unrestricted		431,001
Total Net Position	$	1,218,732

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
for the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Funds
	Sewer
OPERATING REVENUES:	
Sales and Services to Customers	$ 1,278,553
Total Operating Revenues	1,278,553
OPERATING EXPENSES:	
Collection	62,248
Pumping	161,760
Treatment and Disposal	647,630
Billing and Accounting	105,797
Administrative and General	145,641
Taxes	20,863
Depreciation and Amortization	51,523
Total Operating Expenses	1,195,462
OPERATING INCOME	83,091
NON-OPERATING REVENUES (EXPENSES)	
Investment Interest Earned	1,054
Interest and Fiscal Charges	(815)
Total Nonoperating Revenues (Expenses)	239
Income before Operating Transfers and Contributions	83,330
Capital Contributions	(1,127)
Change in Net Position	82,203
Net Position - Beginning	1,136,529
Net Position - Ending	$ 1,218,732

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANSON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Funds	
		Sewer
Cash Flows from Operating Activities:		
Cash Received from Customers	$	1,242,077
Cash Paid for Goods and Services		(1,133,531)
Cash Paid for Taxes Other than Income Taxes		(20,863)
Net Cash Provided by Operating Activities		87,683
Cash Flows from Noncapital Financing Activities:		
Interest Received		1,054
Advances from (to) General Fund		26,789
Net Cash Provided by Noncapital Financing Activities		27,843
Cash Flows Used by Capital and Related Financing Activities:		
Purchases and Construction of Capital Assets		(16,103)
Payments on Lease Payable		(15,343)
Collection of Capacity Improvement/Development Fund		6,762
Payment of Capacity Improvement/Developer Fees		(7,889)
Interest Paid on Capital Lease		(943)
Net Cash Used by Capital and Related Financing Activities		(33,516)
Net Increase in Cash and Equivalents		82,010
Cash and Equivalents, Beginning of Year		198,800
Cash and Equivalents, End of Year	$	280,810
Net Cash Provided by Operating Activities:		
Operating Income	$	83,091
Changes in Assets and Liabilities -		
Depreciation Expense		51,523
(Increase) Decrease in Accounts Receivable		(36,476)
Increase (Decrease) in Accrued Expenses		(3,459)
Increase (Decrease) in Accounts Payable		(6,996)
Net Cash Provided by Operating Activities	$	87,683

The notes to the basic financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ranson, West Virginia ("City") is a municipal corporation in which citizens elect the mayor at large and six council members. The City engages in a comprehensive range of services, including general government administration, public safety and administration of justice, street maintenance, sanitation services, sewer services, recreation, and cultural and historic activities.

The accounting policies and the presentation of the financial report of the City have been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB).

The City follows the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* for financial reporting. Certain significant components of the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- Fund financial statements that focus on major funds.

These financial statements present all fund types of the City and its discretely presented component units.

Individual Component Unit Disclosure

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The City had no blended component units as of and for the year ended June 30, 2017.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individual Component Unit Disclosure (continued)

The City of Ranson Building Commission is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Building Commission. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the Building Commission. Separate financial information can be obtained from the City of Ranson Building Commission.

The City of Ranson Convention and Visitor's Bureau is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Convention and Visitor's Bureau. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the City of Ranson Convention and Visitor's Bureau. Separate financial information can be obtained from the City of Ranson Convention and Visitor's Bureau.

The City of Ranson Parks and Recreation is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Parks and Recreation. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the City of Ranson Parks and Recreation. Separate financial information can be obtained from the City of Ranson Parks and Recreation.

Related Organizations

The City's officials are also responsible for appointing the members of the board of various organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments. The City is not financially accountable for the organizations to which these appointments are made.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Under this reporting model, the focus is on both the City as a whole and the fund financial statements, including the major funds of the governmental and business-type categories, as well as the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business- type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (h) are reflected in a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, highways and streets, sanitation, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, business and occupation taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. The program revenues must be directly associated with the function (general government, public safety, highways and streets, culture and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers for applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating - specific and discretionary (either operating or capital) grants while the capital grants column reflects capital - specific grants and contributions.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The emphasis in fund financial statements is on major funds in the governmental categories. Non-major funds by category are summarized into a single column, if applicable. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental categories combined) for the determination of major funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

City management may electively add funds as major funds, when it is determined the funds have specific community or management focus.

The following is a brief description of the specific funds used by the City:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General Fund

The general fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

Coal Severance Fund

The coal severance fund is a special revenue fund used to account for the receipts and expenditures from a coal severance tax collected by the sate and distributed to governmental entities throughout the state.

Capital Projects and Improvements Fund

The capital projects and improvements fund is used to account for receipts and expenditures related to capital projects and improvements throughout the city.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Sales Tax Fund

The sales tax fund is used to account for the receipts and disbursements of a local sales tax. These revenues are accumulated in the sales tax fund and transferred to the general fund to supplement general governmental operations.

Proprietary Funds

Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost of providing goods and services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The City's proprietary fund accounts for the operation of sewer activities.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus.

The statement of net position, statement of activities, and financial statements of the proprietary fund are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then the unrestricted resources as needed.

Budgets and Budgetary Accounting

All municipalities within West Virginia are required by statute to prepare annual budgets (levy estimates) on prescribed forms and submit these for approval to the State Tax Commissioner. These budgets are prepared in accordance with the following procedures:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. The governing body of the City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the City and to prepare the levy estimate (budget) for the fiscal year commencing July 1.

2. The budget is then forthwith submitted to the State Tax Commissioner for approval.

3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

The annual budget for the General Fund and Coal Severance Fund is prepared on a basis generally consistent with U.S. generally accepted accounting principles.

Revisions are authorized only with the prior written approval of the West Virginia State Auditor's office. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the City's Council and approved by the West Virginia State Auditor's office.

Encumbrances

Encumbrance accounting, under which purchase orders are issued but are not considered expenditures until liabilities for payments are incurred, is not employed as an extension of the formal budgetary process.

Customer Receivables

The City uses the reserve method of providing for possible losses in the collection of its accounts receivable. The sewer department allowance for doubtful accounts of $25,000 at June 30, 2017, is deemed adequate by management to provide for collection losses.

Inventories

The City considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the City's financial statements.

Restricted Cash

Restricted cash of the Primary Government consists of development bond funds that will be either refunded to the developers or expended as phases of the related development projects are completed. These funds had an outstanding balance of $14,459 at June 30, 2017.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash of the Building Commission consists of construction funds which are restricted by debt covenants to construction of city improvements. Restricted cash of the Building Commission amounted to $54,694 at June 30, 2017.

Capital Assets

Capital outlays are recorded as expenditures of the general and special revenue funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold of $5,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25 - 40 years
Improvements	10 - 40 years
Equipment/Software	3 - 10 years
Vehicles	5 years

To the extent that the City's capitalization threshold of $5,000 is met, capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25 - 40 years
Improvements	10 - 40 years
Utility Plant	10 - 50 years
Equipment	3 - 10 years
Vehicles	5 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and or balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no items that qualify for reporting in this category.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statements of net position and or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's only deferred inflow of resources is for unavailable property taxes as reported in the governmental funds balance sheet.

Capitalized Interest

The City capitalizes net interest costs as part of constructing various projects when material. There was no capitalized interest for the year ended June 30, 2017.

Compensated Absences

The City's policy is to permit employees to accumulate earned but unused vacation benefits. The City fully recognizes the liability related to compensated absences in the government-wide financial statements and proprietary fund financial statements.

Interfund/Associated Entity Charges

The City allocates to the Sewer Fund, the Parks and Recreation component unit, and the Convention and Visitor's Bureau component unit certain costs that are paid out of the general fund. These costs are billed on a periodic basis to the applicable fund or component units.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental/business type activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances within the following categories: Nonspendable fund balance, which includes amounts that cannot be spent because it is not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the City Council; assigned fund balance, which includes amounts intended to be used for specific purposes that are neither restricted or committed, however, assigned by non-formal action by City Council or finance department; and unassigned fund balance, which is the residual classification for amounts in the general fund that have not been classified within the other categories.

Net Position

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Statement of Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased are considered to be cash equivalents.

NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Statement 75) addresses accounting and financial reporting issues related to other postemployment benefits provided to employees of state and local government employers. Statement 75 will be effective for the City beginning with its fiscal year ending June 30, 2018.

NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS (continued)

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68, and 73 addresses certain issues that have been raised with respect to Statements No. 67, 68, and 73. Statement 82 will be effective for the City for fiscal year ending June 30, 2018

NOTE 3: PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed.

All current taxes assessed on real and personal property may be paid in two installments: the first installment is payable on September first of the year for which the assessment is made and becomes delinquent on October first: the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are due, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

All municipalities within the state are authorized to levy taxes not in excess of the maximum levies per $100 of assessed valuation. In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City per $100 of assessed valuation for each class of property for the year ended June 30, 2017, were as follows:

Class of Property	Assessed Valuations for Tax Purposes	Current Expense
Class I	$ -	12.26 cents
Class II	$ 116,596,730	24.52 cents
Class IV	$ 168,834,414	49.04 cents

NOTE 4: CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments represent amounts being held at banks and consist of the following accounts and amounts at June 30, 2017:

	Primary Government	Component Units
Unrestricted accounts		
Bank accounts	$ 8,192,889	$ 434,287
Total unrestricted accounts	$ 8,192,889	$ 434,287
Restricted accounts		
Development bond funds	$ 14,459	$ - 0
Construction fund	-	54,694
Total restricted accounts	$ 14,459	$ 54,694

Municipalities are authorized by statute to provide excess funds to the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

The market value of the above cash and temporary investments approximates cost at June 30, 2017.

NOTE 5: COLLATERALIZATION OF DEPOSITS

The City maintains its cash accounts at two financial institutions. City deposits held by financial institutions are insured up to $250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2017, the carrying amount of the City deposits was $8,778,950 and the bank balance was $8,917,960. The bank balance in excess of FDIC insurance of $8,613,266 was collateralized with securities held by the financial institution.

NOTE 6: INTERNAL BALANCES, INTERFUND TRANSFERS AND DUE TO/FROM ASSOCIATED ENTITIES

The composition of internal balances as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sewer	$ 46,306
General	Capital Improvement	19,494
Total		$ 65,800

This balance represents timing differences due to routine advances between the City's General Fund and Sewer Fund. Internal receivables and payables are expected to be substantially extinguished on a quarterly basis.

Interfund transfers for the year ended June 30, 2017 are as follows:

Transferor Fund	Transferee Fund	Amount
Sales Tax	General	$ 850,000
Capital Improvement	General	50,000
General	Capital Improvement	1,695,970
Total		$ 2,595,970

The sales tax fund transfers to the general fund were made to help fund the operations of the general fund. General fund transfers made to the capital projects/improvement fund were to fund anticipated capital projects.

Amounts due to/from associated entities at June 30, 2017 are as follows:

Due To	Due From	Amount
Convention and Visitors Bureau	General	$ 205,512
Parks and Recreation	General	189,555
Total		$ 395,067

The associated entity balances were extinguished during the year ending June 30, 2017.

NOTE 7: CHANGES IN CAPITAL ASSETS

The following is a summary of the changes in governmental and business-type capital assets:

	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 778,466	$ -	$ -	$ 778,466
Construction in progress	1,648,134	749,693	(2,382,817)	15,010
Total capital assets not being depreciated	2,426,600	749,693	2,382,817	793,476
Capital assets being depreciated:				
Leasehold improvements	837,270	-	-	837,270
Roads	2,875,715	2,592,997	-	5,468,712
Equipment	1,142,850	49,377	-	1,192,227
Software	217,029	-	-	217,029
Vehicles	1,325,100	247,441	-	1,572,541
Total	6,397,964	2,889,815	-	9,287,779
Less: Accumulated depreciation	(2,972,104)	(430,117)	-	(3,402,221)
Capital assets being depreciated, net	3,425,860	2,459,698	-	5,885,558
Total governmental activities capital	$ 5,852,460	$ 3,209,391	$(2,382,817)	$ 6,679,034

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 89,804
Public safety	76,493
Streets & Transportation	238,260
Culture and recreation	25,560
Total governmental activities depreciation expense	$ 430,117

NOTE 7: CHANGES IN CAPITAL ASSETS (Continued)

	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	$ 39,413	$ 6,258	$ -	$ 45,671
Total capital assets not being depreciated	39,413	6,258	-	45,671
Capital assets being depreciated:				
Utility plant in service	2,096,161	9,845	-	2,106,006
Less:				
Accumulated depreciation	(1,280,806)	(51,523)	-	(1,332,329)
Capital assets being depreciated,	815,355	(41,678)	-	773,677
Total business-type activities capital	$ 854,768	$ (35,420)	$ -	$ 819,348

Depreciation was charged to functions as follows:

Business-type activities	
Sewer	$ 51,523
Total business-type activities depreciation expense	$ 51,523

NOTE 8: CAPITAL IMPROVEMENT FUND DEVELOPER BOND

The City obtained the proceeds of a developer bond in the amount of $288,904 which is to be utilized to complete certain phases of the Wild Rose development project. The City has expended $110,562 as of June 30, 2017. In addition, the City requires certain developer bonds to assure that projects are completed in accordance with City policies and procedures. These bonds are refunded upon completion of satisfactory project construction. Total outstanding developer bonds amounted to $14,459 at June 30, 2017.

NOTE 9: LONG-TERM DEBT

Lease Revenue Bond Payable Ranson Building Commission (Component Unit)

Series 2008 City of Ranson Building Commission Lease Revenue Improvement and Refunding Bonds in the original amount of $2,500,000 with an outstanding balance of $1,174,940 at June 30, 2017. The bond bears interest at 3.2684% and matures 2023.

Scheduled maturities of the bonds for years succeeding June 30, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 180,473	$ 35,714	$ 216,187
2019	186,461	29,726	216,187
2020	192,648	23,539	216,187
2021	199,039	17,148	216,187
2022	205,643	10,544	216,187
2023	210,676	3,722	214,398
Total	$ 1,174,940	$ 120,393	$ 1,295,333

Bond debt service is payable solely from lease rental payments pursuant to an agreement and lease between the Building Commission and the City. Lease rentals are subject to annual appropriation by the City. The bonds are secured by a lease assignment and deed of trust.

Changes in the Building Commission long-term debt for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017	Due Within One Year
2008 Bond	$ 1,349,014	$ -	$174,074	$ 1,174,940	$180,473

NOTE 10: LEASE AGREEMENTS

Operating Lease

The City and the Building Commission entered into Leases whereby the City leases from the Building Commission certain improved real estate in consideration for the issuance by the Building Commission of Lease Revenue Bonds.

The lease term corresponds to the related bond terms. The City has pledged to pay lease rentals to the Building Commission consisting of amounts sufficient to promptly pay principal and interest due on the Building Commission's Lease Revenue Bonds, Series 2008. The City is responsible for all operation and maintenance costs associated with the leased property.

Capital Lease

The City of Ranson Sewer Department leases a backhoe under a capital lease expiring January 23, 2019. The lease was entered into on January 23, 2014, and requires annual lease payments of $16,287. The assets and liabilities under the capital lease are recorded at the present value of the minimum lease payments, which amounts to $76,745.

The lease obligation is secured by the leased equipment. Depreciation of assets under capital lease is included in depreciation expense for the year ended June 30, 2017.

Estimated minimum future lease payments under the capital lease as of June 30, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 15,651	$ 636	$ 16,287
2019	15,966	321	16,287
Total	$ 31,617	$ 957	$ 32,574

NOTE 11: EMPLOYEES' RETIREMENT SYSTEM

The City has established a combined 401/457 retirement plan. All full time employees are eligible to participate in the plan. The City makes a contribution to the plan equal to 5% of eligible employee compensation. In addition, the City matches employee contributions to the plan up to 5% of eligible compensation. The City's contributions for the years ended June 30, 2017, 2016, and 2015 amounted to $157,246, $148,077, and $137,755, respectively.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Litigation

The City is routinely a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City, when considered in relation to insurance coverage in force.

Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Fairfax Boulevard Improvement Project

The City is a participant in an intergovernmental project to construct improvements to Fairfax Boulevard. Phase 1 construction was completed in March 2017. The City has incurred $2,382,817 of Phase 1 construction costs and the improvements have been placed into service as of March 29, 2017. The City is currently in the design stage of Phase 2 of the project.

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries umbrella (general liability) insurance for these various risks.

The City provides insurance coverage to employees for job-related injuries through Brickstreet Mutual Insurance Company and offers health insurance to all eligible employees through Public Employees Insurance Agency (PEIA).

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 14: CUSTOMER ADVANCES FOR CONSTRUCTION

Certain customers of City sewer service routinely advance and contribute funds to offset the costs of construction of sewer utility plant. Certain customer assessments are passed-through to a developer in consideration for the developer's construction of a sewer pumping station.

NOTE 15: FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balance	General	Coal Severance	Capital Improvement	Sales Tax
Committed for:				
Capital outlays/debt service on capital projects	$ -	$ -	$ 4,349,894	$ 1,194,848
Assigned for:				
Carryover in fiscal year June 30, 2018 budget	2,589,430	-	-	-
Streets and transportation operations/capital	-	198,463	-	-
Total fund balance	$ 2,589,430	$198,463	$ 4,349,894	$ 1,194,848

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated all subsequent events through April 6, 2017, the date the financial statements were available to be issued. In FY 2018, the City will be constructing highways and water and sewer lines as part of a project to bring in a manufacturing business. This project was approved by the state of West Virginia and all monies for the project will be provided by the State.

ACCOMPANYING INFORMATION

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Ranson
Jefferson County, West Virginia
312 South Mildred Street
Ranson, West Virginia 25438

To the Mayor and Members of Council:

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 governmental activities, business-type activities, each major fund, and the discretely presented component units of the City of Ranson, Jefferson County, West Virginia (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 6, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City'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 City's internal control. Accordingly, we have not opined on it.

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 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 City'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did identify a deficiency in internal control that we consider a material weakness and is reported in the Schedule of Findings as Item 2017-001.

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Compliance and Other Matters

As part of reasonably assuring whether the City'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*.

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 City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Huntington, West Virginia
April 6, 2018

City of Ranson
Jefferson County, West Virginia
Schedule of Findings and Responses
June 30, 2017

Findings Related to the Financial Statements Required
To be Reported in Accordance with GAGAS

FINDING NUMBER 2017-001

Material Weakness – Reconciliation of Bank Accounts

The City of Ranson failed to reconcile its bank accounts until well after the year end.

Proper internal control procedures dictate that bank account activity be monitored and the accounts reconciled on a monthly basis. Failure to timely reconcile the bank accounts could allow errors and/or irregularities to go undetected without the knowledge of the Mayor and the Council.

The City of Ranson has adequate personnel to allow for the timely reconciliation of the bank accounts and a review of all activity within. We recommend that each bank account be reviewed and reconciled monthly.

Officials Response:

The City has implemented procedures to reconcile its bank accounts in a timely manner.

City of Ranson
Jefferson County, West Virginia
Schedule of Prior Audit Findings
June 30, 2017

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Material Weakness – Reconciliation of Bank Accounts	No	Reissued as Item 2017-001

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

FOR FISCAL YEAR ENDED JUNE 30, 2017

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

FINANCIAL STATEMENTS

For the years ended June 30, 2017 and June 30, 2016

CoxHollida &Professionals

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CoxHollida &Professionals

INDEPENDENT AUDITORS' REPORT

The Members of the Public Service Board
Jefferson County Public Service District

Report on the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

We have audited the accompanying financial statements of the business-type activities of Jefferson County Public Service District ("District") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Jefferson County Public Service District, as of June 30, 2017, and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employees' retirement system information, and budgetary comparison information on pages 5-10, 42-43, and 45-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of operating expenses, for the water department and sewer department are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of operating expenses, for the water and sewer departments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expenses, for the water and sewer departments are 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, October 11, 2017, on our consideration of Jefferson County Public Service District'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 District's internal control over financial reporting and compliance.

Cox Hollida & Professionals PLLC

Martinsburg, West Virginia

October 11, 2017

Jefferson County Public Service District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2017

The management of Jefferson County Public Service District provides the following information as an introduction, overview and analysis of the District's financial statements for the year ended June 30, 2017. Readers should also review the basic financial statements that begin on page 10 to further enhance their understanding of the District's financial performance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This annual report consists of four parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information and supplementary information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Financial Statements

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The Balance Sheet includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?", "for what was cashed used?", and "what was the change in cash balance during the reporting period?"

The notes to the basic financial statements provide additional and explanatory data. They are an integral part of the basic financial statements.

Financial Analysis of the District as a Whole

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Balance Sheet, the Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows report information about the District's activities in a way that will help answer this question. These statements report the net assets of the District and changes in them. You can think of the District's net position- the difference between assets and liabilities- as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, political leaders, and new or changed legislation.

The net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, at various times, the District receives infrastructure improvements from a developer and in return takes over these assets and maintains them. The District either puts in or has a developer put in the infrastructure, and pays for it through a developer contribution, current operations or by an issuance of a bond. These assets are reflected as an asset on the District's books and are depreciated over the estimated life of the assets.

Below are highlights of the financial statements:

	2017	2016
Unrestricted cash	$ 365,045	$ 191,544
Restricted cash	1,522,122	1,496,310
Other assets	1,992,251	1,766,260
Deferred outflows	415,816	415,415
Capital assets	14,332,525	13,829,719
Total assets & deferred outflows	$ 18,627,759	$ 17,699,248
Current and other liabilities	$ 998,533	$ 786,013
Long-term liabilities	7,384,429	7,567,221
Deferred inflows	17,616	128,517
Total Liabilities & Deferred Inflows	$ 8,400,578	$ 8,481,751
Invested in assets, net of debt	8,759,481	7,819,322
Restricted net position	1,344,688	1,333,392
Unrestricted net position	123,012	64,782
Total net position	$ 10,227,181	$ 9,217,497

Revenues	2017	2016
Sales to customers	$ 3,045,533	$ 2,930,936
Grant revenue	-	39,183
Other	191,612	182,852
Total revenue	3,237,011	3,152,971
Expenses		
Operating	2,417,529	2,258,064
Dropped projects	133,260	4,986
Disposal of assets	-	7,980
Depreciation and amortization	532,217	522,828
Interest expense	154,005	150,487
Bond issue costs	-	22,297
Total expenses	3,237,011	2,966,642
Net income before capital contributions	134	186,329
Capital contributions	1,009,551	227,604
Change in net position	$ 1,009,685	$ 413,933

In 2016, the District implemented a sewer rate increase to be in compliance with SB 234 requirements and provide sufficient revenues for issuance of the 2015 project soft costs loan in the amount of $660,000.

Unrestricted cash increased by $173k because of the additional revenue collected for the SB 234 requirements. Other assets increased by $226k which consist of capitalization of soft costs associated with the sewer project. Net Capital assets increased 503k because of capitalization of sewer project expenses. Total assets increased 928k mainly because of the 1 mil contribution of sewer facilities from the developer of Aspen Greens. Current and other liabilities are up net $212k which is the mainly from the Sewer Transmission Project payables that are now due and the District has been invoiced as of 6/30/17.

The total net position increased about $1 million between 2017 and 2016. The majority of the change is due to the sewer rate and capacity improvement rate increases and developer contributions. Operating expenses increased $159k which is 7.06% over the prior year.

In fiscal year 2017, the District realized a loss of over $100k and removed the Old Standard project from the books.

District staff work diligently to collect all amounts owed to the District. In both fiscal years 2017 and 2016, bad debt was less than 0.6% of sales to customers.

Budgetary Highlights

Over the course of the year, the District approved an amendment to the Sewer Department budget mid-year to adjust specific line items that were over-budget or under-budget overall. In the Water Department, the District made the necessary 115% debt coverage because of the rate increase approved this year by the PSC Case # 16-0701-PWD-19A. The rate case was also needed to comply with SB 234 which requires that the utility maintain a reserve of 1/8 of its operating expenses from the prior year.

Capital Assets and Debt Administration

Many debt obligations require debt coverage (revenues over operating expenses) to be more than 115% of the debt obligation. For the current fiscal year debt coverage was 168%

Sewer Debt Service Exhibit	June 30,				
	2013	2014	2015	2016	2017
Gross revenues	$2,240,124	$2,547,526	$ 2,655,108	$ 3,036,051	$3,137,574
Operating expenses	(1,677,574)	(2,015,149)	(2,118,215)	(2,205,980)	(2,313,254)
Available for debt Service	582,550	523,377	536,893	830,071	824,320
Highest debt service	473,130	462,933	463,582	519,744	519,744
Debt service coverage	119%	115%	116%	160%	158%
Amounts available to Repair Replace the system	$ 89,420	$ 69,444	$ 78,406	$ 82,036	$110,152

Water Debt Service Exhibit	June 30,	
	2016	2017
Gross revenues	$ 77,886	$99,571
Operating expenses	(52,084)	(54,360)
Available for debt Service	25,802	45,205
Highest debt service	35,391	35,391
Debt service coverage	73%	128%
Amounts available to repair Replace the system	$ -	$ 767

At the end of the current fiscal year, the District's Sewer and Water Departments had outstanding revenue bonds of $6,296,407 and $931,838, respectively.

Economic Factors

The District began to experience a slowdown in new service customer connections in 2008. Management attributes much of the decline to the overall national slump in the housing industry. The District expects that the residential sector will continue to slowly increase as the economy improves. Overall, the District expects growth in new service customer connections and equivalent domestic units (EDU). This year alone the District had 60 new connections which equated to an addition of 67 EDUs. With the addition of Home Suites this year, we now serve three hotels.

The District believes that the fundamentals of location and cost in Jefferson County remain favorable for economic development and expect that the District's commitment to providing readily available services will position the community for continuing economic recovery.

The District will continue to operate under an interstate environmental compact that commits West Virginia to play a role restoring water quality in the Chesapeake Bay. The new operating environment will require that the District and our municipal partners in the City of Ranson and the City of Charles Town find and implement solutions for these emerging regulatory challenges. The District expects to see increased operating and capital costs in the future associated with regulatory compliance.

As we noted in 2015:
"With the closing of the Flowing Springs Waste Water Treatment Plant Project in 2014, the District expensed $2.8 million of engineering, legal, accounting and management costs last year. These costs may have a future value as in FY 2016 the District applied to West Virginia Infrastructure and Jobs Development Council (IJDC) for the collection system upgrades that were associated with the Flowing Springs Wastewater Treatment Plant . On June 5, 2015 the District received notification of preliminary approval for this project which is IJDC project # 2014S-1538, The loan package suggested for this project, included in this preliminary approval is for a Rural Utility Service Loan (4%, 40 years) - $3,575,000 and a Clean Water State Revolving Fund loan (0%, .5% Administrative Fee, 40 years)- $3,575,000 for a total project cost of $7,150,000. "

In 2016, the project was filed with the WV PSC in case PSD-16-0616-PSD-PC-CN. The project costs were reduced by approximately $364,000 due to some design changes. On March 23, 2017, the WV Public Service District approved the project. That approval was challenged and the WV Supreme Court ruled that the WV Public Service Commission had properly deemed that the project was necessary and convenient as they had ruled. The same intervenor asked the WV Supreme Court to reconsider their ruling and they declined, again holding up the decision of the WV Public Service Commission. The District now has letters for commitment of funds from USDA and from WV DEP for SRF funds, and a $500,000 grant for the project. Approved funding has the following terms; From USDA, a 2.5% interest loan for $3,575,000 for 40 years, from WV DEP, a 0.5% interest loan for $2,844,984 for 40 years and a $500,000 Green Grant that does not have to be paid back."

The County Commission of Jefferson County now has three new members who want to sell the assets of the District to the City of Charles Town. The District Board has not agreed to this sale so the District is moving forward with the administrative portions of the project while we wait for approval to go to bid. The District had already spent well over $800,000 in project related costs based upon the design contemplated in the Facility Plan.

The final order in WV PSC case #15-1338-PSD-42R-PC, was issued on March 23, 2017. In this order the PSC reduced the amount of the Capacity Improvement Fee (CIF) the District had been collecting from $4,832 to $3,207. The amount of the reduction, $1,625, was the portion of the fee that the District had been collecting per our agreement with Ranson for use of their Flowing Springs Pump Station. Since Ranson withdrew from the agreement, the PSC removed their portion of this CIF fee from the District's collected fee of $4,832 even though District flows continue to use the Flowing Springs Pump Station. Now, out of the $3,207 collected for each Equivalent Dwelling Unit, (EDU), the District keeps $2,080 for District future capacity needs due to growth and the balance of $1127.00 is sent to Charles Town for their CIF. Capacity upgrades needed due to growth is the only purpose the money can be used and the District must get permission from the WV PSC to use these funds. The collected CIF money is kept in a separate bank account. Because the District had been collecting the fee since initiation of this case on August 13, 2015, there were 107 EDUs of CIFs collected so @ $1,625 / EDU we refunded $173,875 to those who had paid the CIFs.

One of the newer developments in the District's service area, Aspen Greens, has completed and turned over to the District, a 15" line as part of their offsite sewer system. This new line will become part of the new project that is mentioned above and will eventually serve numerous new developments. The Developer of Aspen Greens only needed an 8" line for his development but agreed to put the 15" line if the District agreed to pay the difference in the cost of materials only. The District paid $43,716 for this upgrade but it will save the District close to $1,000,000 in construction costs for this portion of the line during the construction of the project. The developer turned over this line to the District in June of 2017 and his contribution was $964,700 for a total value of $1,008,000. In addition to a sewer collection system, the District also has one small wastewater treatment plant that serves the residents of Deertield, a development of about 48 lots located in the North East area of Jefferson County. The plant is a recirculating sand filter plant and operates very well.

The District currently serves potable water to two small developments in Jefferson County, Cavaland, with about 40 customers and Glen Haven, with about 74 customers. These water systems were "given" to the District about 25 years ago and were installed by developer's who's main goal in constructing them, was to provide water service so they could sell homes. Unfortunately, since these installations were not their main priority, they didn't use the best of materials or standardized practices in installation. In 2014, the District attained about 50% loan and 50% grants to replace these systems through our IJDC application #2012-W-1331. This project cost was $2,000,000 and it is now completed. Our customers in these developments have now had their water rates increased approximately 40%. The bond payments associated with the project started in September of 2015. In 2017, the District was granted a rate increase for these customers to be able to meet debt service, operating expenses and SB 234.

Jefferson County Public Service District
STATEMENTS OF NET POSITION
June 30, 2017 and 2016

ASSETS

	Water Department	Sewer Department	**2017 Total**	2016 Memorandum Only Total
CURRENT ASSETS				
Cash	$ 4,223	$ 360,822	**$ 365,045**	$ 191,542
Accounts receivable, net of allowance for doubtful accounts of $10,000	1,676	71,263	**72,939**	75,196
Accounts receivable - other	-	16,182	**16,182**	16,682
Accrued utility revenue	4,555	255,030	**259,585**	266,903
Prepaid expenses and deposits	-	17,985	**17,985**	5,782
Total current assets	10,454	721,282	**731,736**	556,105
RESTRICTED CASH	15,431	1,506,691	**1,522,122**	1,496,310
CAPITAL ASSETS				
Land and land rights	36,142	1,059,785	**1,095,927**	1,095,927
Construction work in progress	-	29,068	**29,068**	90,391
Utility plant in service	2,277,208	18,216,067	**20,493,275**	19,441,704
Less accumulated depreciation	(161,871)	(7,123,874)	**(7,285,745)**	(6,798,301)
Net capital assets	2,151,479	12,181,046	**14,332,525**	13,829,721
OTHER ASSETS				
Future utility plant preliminary survey and design charges	222,656	816,650	**1,039,306**	770,608
Due from other funds	-	11,765	**11,765**	12,408
Other assets - capacity upgrades, net of accumulated amortization of $530,297 and $486,106, respectively	-	574,489	**574,489**	618,680
Total other assets	222,656	1,402,904	**1,625,560**	1,401,696
Total assets	2,400,020	15,811,923	**18,211,943**	17,283,832
DEFERRED OUTFLOWS				
Employer contributions to pension plan subsequent to measurement date	-	60,016	**60,016**	65,410
Changes in employer proportion and differences between contributions and proportionate share of contributions	-	130,149	**130,149**	103,684
Original issue discount, net of accumulated amortization of $3,490 and $2,909, respectively	-	6,546	**6,546**	7,127
Deferred loss on bond refinancing, net of accumulated amortization of $140,622 and $120,533, respectively	-	219,105	**219,105**	239,194
Total deferred outflows	-	415,816	**415,816**	415,415
Total assets and deferred outflows	$ 2,400,020	$ 16,227,739	**$ 18,627,759**	$ 17,699,247

The accompanying notes are an integral part of this statement.

Jefferson County Public Service District
STATEMENTS OF NET POSITION (Continued)
June 30, 2017 and 2016

LIABILITIES

	Water Department	Sewer Department	**2017 Total**	2016 Memorandum Only Total
CURRENT LIABILITIES (payable from current assets)				
Accounts payable	$ 15,562	$ 140,896	**$ 156,458**	$ 149,213
Accrued taxes and expenses	401	43,994	**44,395**	38,567
Total current liabilities (payable from current assets)	15,963	184,890	**200,853**	187,780
CURRENT LIABILITIES (payable from restricted cash)				
Revenue bonds payable (due within one year)	30,789	387,065	**417,854**	409,482
Construction payable	-	184,245	**184,245**	5,640
Accrued interest payable	-	18,147	**18,147**	20,193
Customer deposits	3,751	173,683	**177,434**	162,918
Total current liabilities (payable from restricted cash)	34,540	763,140	**797,680**	598,233
LONG-TERM LIABILITIES				
Due to other funds	11,765	-	**11,765**	12,368
OPEB obligation	-	203,524	**203,524**	193,755
Net pension liability	-	358,749	**358,749**	130,213
Revenue bonds payable	901,049	5,909,342	**6,810,391**	7,230,885
Total long-term liabilities	912,814	6,471,615	**7,384,429**	7,567,221
Total liabilities	963,317	7,419,645	**8,382,962**	8,353,234
DEFERRED INFLOWS				
Differences between projected and actual investment earnings	-	17,616	**17,616**	128,517
Total liabilities and deferred inflows	$ 963,317	$ 7,437,261	**$ 8,400,578**	$ 8,481,751

NET POSITION

NET POSITION				
Invested in capital assets, net of related debt	1,442,297	7,317,184	**8,759,481**	7,819,323
Restricted for debt and construction	11,680	1,333,008	**1,344,688**	1,333,392
Unrestricted	(17,274)	140,286	**123,012**	64,781
Total net position	1,436,703	8,790,478	**10,227,181**	9,217,496
Total liabilities, deferred inflows, and net position	$ 2,400,020	$ 16,227,739	**$ 18,627,759**	$ 17,699,247

The accompanying notes are an integral part of this statement.

Jefferson County Public Service District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2017 and 2016

	Water Department	Sewer Department	**2017 Total**	2016 Memorandum Only Total
OPERATING REVENUES				
Sales to general customers	$ 97,693	$ 2,947,840	**$ 3,045,533**	$ 2,930,937
Customers' forfeited discounts and penalties	1,649	61,734	**63,383**	62,816
Miscellaneous revenues	153	82,567	**82,720**	77,385
Total operating revenues	99,495	3,092,141	**3,191,636**	3,071,138
OPERATING REVENUE DEDUCTIONS BEFORE DEPRECIATION				
Operating expenses	54,366	2,363,163	**2,417,529**	2,258,064
Operating income before depreciation	45,129	728,978	**774,107**	813,074
DEPRECIATION	79,189	408,255	**487,444**	478,636
Operating income (loss)	(34,060)	320,723	**286,663**	334,438
NON-OPERATING INCOME (EXPENSE)				
Interest income	76	4,021	**4,097**	1,237
Grant revenue	-	-	**-**	39,183
Loss on disposal of assets	-	-	**-**	(7,980)
Interest expense	(4,755)	(149,250)	**(154,005)**	(150,487)
Amortization of and other assets-treatment plant upgrades	-	(44,773)	**(44,773)**	(44,192)
Bond issuance costs	-	-	**-**	(22,297)
Loss due to dropped projects	-	(133,260)	**(133,260)**	(4,986)
Miscellaneous non-operating revenues	-	41,412	**41,412**	41,412
Total non-operating income (expense)	(4,679)	(281,850)	**(286,529)**	(148,110)
(Decrease) Increase in net position before capital contributions	(38,739)	38,873	**134**	186,328
CAPITAL CONTRIBUTIONS	-	1,009,551	**1,009,551**	227,604
(Decrease) Increase in net position	(38,739)	1,048,424	**1,009,685**	413,932
Net position at beginning of year	1,475,442	7,742,054	**9,217,496**	8,803,564
Net position at end of year	$ 1,436,703	$ 8,790,478	**$ 10,227,181**	$ 9,217,496

The accompanying notes are an integral part of this statement.

Jefferson County Public Service District

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2017 and 2016

	Water Department	Sewer Department	2017 Total	2016 Memorandum Only Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 98,226	$ 3,103,485	**$ 3,201,711**	$ 3,043,384
Cash payments for employee services	-	(672,967)	**(672,967)**	(645,489)
Cash payments for goods and services	(53,644)	(1,584,256)	**(1,637,900)**	(1,769,585)
Net cash flows provided by operating activities	44,582	846,262	**890,844**	628,310
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	76	4,021	**4,097**	1,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Expenditures for utility plant and other assets	(6,000)	(40,543)	**(46,543)**	(166,151)
Expenditures for preliminary surveys	(1,500)	(201,303)	**(202,803)**	(434,063)
Increase in customer deposits	1,119	13,397	**14,516**	10,423
Net capital improvement fees collected	-	-	**-**	(2,254)
Proceeds from grants	-	-	**-**	39,183
Principal payment on debt - bond	(30,636)	(381,486)	**(412,122)**	(381,391)
Principal payment on debt - notes	-	-	**-**	(9,340)
Proceeds from debt - notes	-	-	**-**	660,000
Credits on treatment upgrade bonds and Other	-	41,412	**41,412**	41,412
Interest paid on bonds and notes	(4,755)	(130,626)	**(135,381)**	(129,717)
Contributions in aid of construction	-	45,295	**45,295**	227,604
Expenditures for debt issuance expenses	-	-	**-**	(22,297)
Net cash used in capital and related financing activities	(41,772)	(653,854)	**(695,626)**	(166,591)
Net increase in cash	2,886	196,429	**199,315**	462,956
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	16,768	1,671,084	**1,687,852**	1,224,896
CASH AND CASH EQUIVALENTS END OF YEAR	$ 19,654	$ 1,867,513	**$ 1,887,167**	$ 1,687,852
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ (34,060)	$ 320,723	**$ 286,663**	$ 334,438
Depreciation	79,189	408,255	**487,444**	478,636
Adjustments for changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	(1,269)	4,027	**2,758**	13,159
(Increase) decrease in prepaid expenses	-	(12,203)	**(12,203)**	-
(Increase) decrease in net pension outflows	-	96,564	**96,564**	(109,228)
(Increase) decrease in accrued utility revenue	-	7,318	**7,318**	(40,911)
(Increase) decrease due from other utility	(603)	643	**40**	(12,522)
Increase (decrease) in accounts payable	1,325	5,921	**7,246**	(54,133)
Increase (decrease) in accrued expenses	-	5,245	**5,245**	5,704
Increase (decrease) in other employee benefit obligation	-	9,769	**9,769**	13,167
Net cash provided by operating activities	$ 44,582	$ 846,262	**$ 890,844**	$ 628,310

The accompanying notes are an integral part of this statement.

GENERAL

Jefferson County Public Service District ("District") is a public corporation created by the Jefferson County Commission on December 1, 1983, for the purpose of operating a public utility by providing water and sewer services to customers in its franchise area in Jefferson County. The District is governed by a board of directors who are appointed by the Jefferson County Commission.

The territory embraced by the District consists of all land within the boundaries of Jefferson County, excluding water and sewage authorities within incorporated municipalities and any other public service districts properly authorized and existing within the county.

Reporting Entity

For financial reporting purposes, the District is considered an independent reporting entity. The basic criteria for defining the District as an independent reporting entity is the District's financial independence, accountability for fiscal matters, significant influence on operations and ability to designate management.

For purposes of regulation by the West Virginia Public Service Commission and as required by its revenue bond issues, water and sewer departments are maintained as separate entities with separate books of account.

The District purchased two private water systems, Glen Haven Utilities, Inc. and Cavaland South Water Service in 1994 for $5,010. In 2015 the District replaced these systems. This project cost approximately $2 million, financed by 50% grants and 50% bond proceeds. Financial data of these water systems are shown in the financial statements under the columnar heading of water department.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a proprietary fund type, the District applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Financial Reporting Entity

The District complies with GASB Statement No. 14, *"The Financial Reporting Entity."* This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the criteria, there are no component units to include in the District's financial statements.

All employees and their related costs are paid directly by the sewer fund. The water fund is billed monthly by the sewer fund for its use of the staff based on hours and related materials.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Basis of Presentation

Accounts of the District are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, except for the immaterial modification concerning inventories listed in the notes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources to pensions, and pension expense, information about the fiduciary net position of the District's Public Employee Retirement System (PERS) and additions to/deductions from the Plan's fiduciary net position have been determine on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Assets, Deferred Outflows, Liabilities, and Net Position

The reserve method is used to provide for possible losses in the collection of customer's accounts receivable.

The District bills customers each month for the prior month's usage. Therefore, accrued utility revenue represents one month's revenues earned but not billed at June 30, 2017 and 2016.

Inventory of materials and supplies are not recorded on the balance sheet. Materials and supplies are expensed when purchased.

Restricted cash held in trust under trust indentures is stated at cost.

It is the District's policy to first use restricted assets when available and then use general revenues to finance projects and expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities and Net Position (Continued)

Utility plant purchased is stated at cost at the date of acquisition. Donated assets, principally water and sewer lines and land, are recorded at an amount which approximates the donor's cost and are recorded as capital contributions. Depreciation is provided on the straight-line method at various rates calculated to allocate the costs of the respective items over their estimated useful lives ranging from 3 to 50 years. Interest paid on loans obtained for construction of plant facilities is capitalized when material. There was no capitalized interest for the years ended June 30, 2017 or 2016. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Major classifications of utility plant of the District and their respective useful lives at June 30, 2017 and 2016, are summarized below:

Sewer Department

Classification	Useful Lives
Collection mains and services	50 years
Transmission mains	50 years
Gravity mains	50 years
Force mains	50 years
Flow meters	50 years
Electric pumping equipment	20-50 years
Transportation equipment	5 years
Communication equipment	5 - 7 years
Furniture and office equipment	3 - 7 years

Water Department

Classification	Useful Lives
Structures and improvements	20-50 years
Supply mains	50 years
Pump equipment	10-50 years
Transmission and distribution lines	10-50 years
Services and meters	10-50 years
Hydrants	30 years

Construction work in progress represents costs for projects that were not completed at year end.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities and Net Position (Continued)

Deferred Outflows of Resources

Deferred Bond-Refunding Costs: Deferred bond-refunding costs represent the difference between the acquisition prices and the net carrying amounts of old debt in current and advance refunding; these refunding result in defeasances of old debt. These deferred costs are amortized as a component of interest expense on the straight-line method over the remaining lives of the old or new debt, whichever are shorter.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees may, depending on level and length of service, be paid for various amounts of their total accrued vacation upon termination or retirement. Accrued sick pay is not paid upon termination. The District accrues a liability for unused vacation up to 240 hours that meets the criteria for payment at the eligible employees' current rates of pay plus retirement benefits and employment taxes. The accrual for compensated absences was $18,198 and $17,949 at June 30, 2017, and 2016, respectively.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the related bonds. Bond insurance is deferred as a prepaid expense and amortized over the lives of the bonds. Other issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Amortization of the deferred loss on bond refinancing is calculated by the straight-line method over the terms of the Series 2010A Revenue Bond and is reflected as an increase to interest expense.

Equity Classifications

Equity is classified as net position and displayed in three components:

a. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted net position-Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities and Net Position (Continued)

Budget

In accordance with West Virginia Code, Management shall prepare and submit to the Board a tentative budget. Such tentative budget shall be considered by the Board and, subject to any revisions or amendments that may be determined by the Board, shall be adopted as the budget for the ensuing fiscal year. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the Board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Accounting Pronouncement

Fiscal year ended June 30, 2015 the District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. The objective of this statement is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments consisted of the following accounts and amounts at June 30, 2017 and 2016:

	Water	Sewer	**2017 Total**	2016 Memorandum Only Total
Revenue	$ 3,533	$ 180,152	**$ 183,685**	$ 183,932
Petty cash	-	700	**700**	700
Operations and maintenance	690	177,820	**178,510**	5,760
Future needs	-	2,150	**2,150**	1,150
Total	$ 4,223	$ 360,822	**$ 365,045**	$ 191,542

The revenue fund is a restricted account in accordance with provisions of the revenue bond resolutions; however, these funds are generally available for the operations of the District.

RESTRICTED CASH AND RESERVES

Restricted cash and reserves consisted of the following accounts and amounts at June 30, 2017 and 2016:

	Water	Sewer	2017 Total	2016 Memorandum Only Total
Debt service revenue	$ 3,202	$ 145,419	**$ 148,621**	$ 142,400
Debt service reserve	6,510	460,809	**467,319**	459,424
Bond proceeds account	-	189,318	**189,318**	268,630
Renewal and replacement	767	110,152	**110,919**	82,036
Capacity improvement	-	151,435	**151,435**	150,966
Capacity improvement 2015	-	271,940	**271,940**	226,133
Customer deposits	4,952	177,618	**182,570**	166,721
Total	$ 15,431	$ 1,506,691	**$ 1,522,122**	$ 1,496,310

The debt service revenue and related reserve includes funds on deposit with the West Virginia Municipal Bond Commission as trustee under the various revenue bond indentures and proceeds from bond issues. The Trust indentures require the trustee to establish various special purpose trust fund accounts, make periodic transfers to and between funds, maintain them at a specified level and/or disburse funds from them in accordance with the specific terms of the indentures.

The renewal and replacement funds are under the control and custody of the District as trustee in accordance with provisions of the revenue bond indentures. The renewal and replacement fund represents funds on deposit for the purpose of making repairs and replacements.

The District is required to collect Capacity Improvement Fees (CIF), by the orders of the Public Service Commission of West Virginia (PSC) dated March 2005 and modified January 2010, which are to be used for the purpose of improving the Charles Town treatment facilities.

The District is required to remit CIF collections for new customers flows that will be treated at the Charles Town treatment plant by 30 days from collection without interest. The District maintains a liability on the books for fees collected but not yet transferred. The balance of the liability as of June 30, 2017, and 2016, was $0.

CIF account was collections in excess of amounts to be remitted to Charles Town treatment facilities under previous tariff. These amounts was collected directly from new customers and this amounts can only be disbursed by the District with permission of the PSC.

CIF 2015 account is collections in excess of amounts to be remitted to Charles Town treatment facilities under the current tariff. These amounts collected directly for new customer flows can only be disbursed by the District with permission of the PSC.

The customer deposits fund represents funds on deposit with a financial institution as required by the Public Service Commission of West Virginia. These funds are returned to customers upon twelve consecutive timely service payments or upon termination of service.

DEPOSITS AND INVESTMENTS

At June 30, 2017, the District's cash and investment balances were as follows:

Investment Type	Maturities	Fair Value	Standard Poor Rating
Repurchase Agreements	Various	$ -	AA+
State Investment Pool	Average of 90 days	615,940	Unknown
Total investments		615,940	
Cash		1,271,227	
Total Cash and Investments		$ 1,887,167	

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value changes arising from changing interest rates.

Credit Risk

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia, obligations of the federal mortgage association, indebtedness secured by first lien deeds of trust for property situated within this state if the payment is substantially insured or guaranteed by the federal government, pooled mortgage trusts (subject to limitations), indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades, interest earning deposits which are fully insured or collateralized, and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars. The District has no investment policy that would further limit its investment choices.

Concentration Credit Risk

The District does not have a formal investment policy that limits its investments in any one issuer

GAAP requires disclosure when any one issuer is 5% or more of the investment portfolio. The investments in the state investment pool constitute 100% of the investment portfolio. These types of investments are within state statutes as listed under credit risk, therefore, this is not viewed as an additional risk by the District.

DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk-Deposits and Investments (excluding investments at the West Virginia Municipal Bond Commission)

Custodial credit risk is the risk that in the event of a bank or counter party failure, the District will not be able to recover the value of its deposits, investments or collateral securities that are in possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2017, $829,142 of the District's bank balance of $1,271,861, was exposed to custodial credit risk. $442,719 of the bank balance was covered by Federal Deposit Insurance (FDIC) and $829,142 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

In fiscal years ended June 30, 2017 and 2016, the District has a repurchase agreement with a local financial institution for the investment of excess funds in all of the District's accounts held at that institution. Under the repurchase agreement, all collected balances in the account at the end of each day are automatically withdrawn and used to purchase an investment under the repurchase agreement. The repurchase agreement states that the securities purchased will be U.S. Government or Agency Securities or Mortgage Backed Securities. The securities will not be identified as the District's specific property, nor will they be delivered to the District and during any trading day, the District's securities are commingled with the bank's own securities, and may be subject to liens granted by the bank to third parties. The repurchase agreement also states that the purchased interest in underlying securities is not considered a deposit and therefore not insured by the FDIC, the United States Government or Agency thereof, or any other. The market value of the investments approximates cost at June 30, 2017 and 2016.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

Sewer Department

	Balance at July 01, 2015	Additions	Retirements	Balance at June 30, 2016
Capital assets not being depreciated:				
Land and land rights	$ 1,059,785	$ -	$ -	$ 1,059,785
Construction work in progress	116,503	44,886	70,998	90,391
Total capital assets not being depreciated - sewer	1,176,288	44,886	70,998	1,150,176
Capital assets being depreciated:				
Collection mains and services	11,267,038	8,650	-	11,275,688
Transmission mains	240,858	-	-	240,858
Gravity mains	64,865	-	-	64,865
Force mains	1,149,792	2,505	-	1,152,297
Electric pumping equipment	3,914,816	120,557	15,557	4,019,816
Transportation equipment	101,440	45,035	-	146,475
Communication equipment	23,888	-	-	23,888
Furniture and office equipment	241,316	25,335	20,613	246,038
Total capital assets being depreciated - sewer	17,004,013	202,082	36,170	17,169,925

Less Accumulated Depreciation – Sewer Department

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
Collection mains and services	4,023,900	224,184	-	4,248,084
Transmission mains	122,263	4,819	-	127,082
Gravity mains	26,594	1,297	-	27,891
Force mains	568,009	23,029	-	591,038
Electric pumping equipment	1,342,623	120,532	6,541	1,456,614
Transportation equipment	74,940	9,921	-	84,861
Communication equipment	21,305	1,016	-	22,321
Furniture and office equipment	163,706	14,716	20,694	157,728
Total accumulated depreciation	6,343,340	399,514	27,235	6,715,619
Total capital assets being depreciated, net - sewer	10,660,673	(197,432)	-	10,454,306
Net capital assets - sewer	$ 11,836,961	$ (152,546)	$ 70,998	$ 11,604,482

CAPITAL ASSETS (Continued)

Water Department

	Balance at July 01, 2015	Additions	Retirements	Balance at June 30, 2016
Capital assets not being depreciated:				
Land and land rights	$ 36,142	$ -	$ -	$ 36,142
Capital assets being depreciated:				
Wells and springs	71,205	-	-	71,205
Pump equipment	670,273	534	-	670,807
Transmission and distribution lines	1,265,590	40,995	-	1,306,585
Services and meters	218,543	4,639	-	223,182
Total capital assets being depreciated - water	2,225,611	46,168	-	2,271,779

Less Accumulated Depreciation – Water Department

	Balance at July 01, 2015	Additions	Retirements	Balance at June 30, 2016
Wells and springs	3,560	1,780	-	5,340
Pump equipment	-	33,534	-	33,534
Transmission and distribution lines	-	26,130	-	26,130
Services and meters	-	17,678	-	17,678
Total accumulated depreciation	3,560	79,122	-	82,682
Total capital assets being depreciated, net - water	2,222,051	(32,954)	-	2,189,097
Net capital assets - water	$ 2,258,193	$ (32,954)	$ -	$ 2,225,239

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2017 was as follows:

Sewer Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Capital assets not being depreciated:				
Land and land rights	$ 1,059,785	$ -	$ -	$ 1,059,785
Construction work in progress	90,391	201,348	262,671	29,068
Total capital assets not being depreciated - sewer	1,150,176	201,348	262,671	1,088,853
Capital assets being depreciated:				
Collection mains and services	11,275,688	1,024,930	-	12,300,618
Transmission mains	240,858	-	-	240,858
Gravity mains	64,865	-	-	64,865
Force mains	1,152,297	538	-	1,152,835
Electric pumping equipment	4,019,816	18,198	-	4,038,014
Transportation equipment	146,475	-	-	146,475
Communication equipment	23,888	-	-	23,888
Furniture and office equipment	246,038	2,476	-	248,514
Total capital assets being depreciated - sewer	17,169,925	1,046,142	-	18,216,067

Less Accumulated Depreciation – Sewer Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Collection mains and services	4,248,084	225,614	-	4,473,698
Transmission mains	127,082	4,816	-	131,898
Gravity mains	27,891	1,313	-	29,204
Force mains	591,038	23,055	-	614,093
Electric pumping equipment	1,456,614	120,734	-	1,577,348
Transportation equipment	84,861	17,225	-	102,086
Communication equipment	22,321	423	-	22,744
Furniture and office equipment	157,728	15,075	-	172,803
Total accumulated depreciation	6,715,619	408,255	-	7,123,874
Total capital assets being depreciated, net - sewer	10,454,306	637,887	-	11,092,193
Net capital assets - sewer	$ 11,604,482	$ 839,235	$ 262,671	$ 12,181,046

CAPITAL ASSETS (Continued)

Water Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Capital assets not being depreciated:				
Land and land rights	$ 36,142	$ -	$ -	$ 36,142
Capital assets being depreciated:				
Wells and springs	71,205	3,462	-	74,667
Pump equipment	670,807	1,967	-	672,774
Transmission and distribution lines	1,306,585	-	-	1,306,585
Services and meters	223,182	-	-	223,182
Total capital assets being depreciated - water	2,271,779	5,429	-	2,277,208

Less Accumulated Depreciation – Water Department

	Balance at July 01, 2016	Additions	Retirements	Balance at June 30, 2017
Wells and springs	5,340	1,781	-	7,121
Pump equipment	33,534	33,540	-	67,074
Transmission and distribution lines	26,130	26,134	-	52,264
Services and meters	17,678	17,734	-	35,412
Total accumulated depreciation	82,682	79,189	-	161,871
Total capital assets being depreciated, net - water	2,189,097	(79,189)	-	2,115,337
Net capital assets - water	$ 2,225,239	$ (79,189)	$ -	$ 2,151,479

CONSTRUCTION WORK IN PROGRESS

Construction work in progress is made up of the following at June 30, 2017:

Norborne Glebe Project - Sewer	$	11,575
Wormald/Beallair Project - Sewer		16,324
Jefferson Crossing		1,169
	$	29,068

Sewer

The Norborne Glebe Project is an alternate main line extension that will service the Norborne Glebe subdivision. The project has been expanded from its original plant to serve 602 homes, to serve approximately 1,000 residential units and 40 acres of commercial property. 180 homes are currently on the billing system. Over the past fiscal year, the developer has purchased 13 CIFs. This pace is scheduled to continue for new homes. This project is being built by the developer and upon phase completion will be turned over to the District, at which time the estimated total cost of the project will be recorded on the District's books as utility plant and capital contributions. Phase I was turned over to the District in September 2005. This is reflected in capital contributions and utility plant in the year ended June 30, 2006. The estimated date of completion for the remainder of the project is 2025 with an estimated total cost of $500,000 (unaudited).

The Beallair Development by Wormald Developers is under an alternate mainline extension agreement. The project will service approximately 400 homes when fully built out. Currently there are 76 metered customers and 2 flat rate customer. The sewer system is being constructed by the Developer and will be turned over to the District as phases are completed. The District previously accepted one pump station and the lines for lots 1-49 in 2007. The estimated total cost of the project is recorded on the District's books as utility plant and capital contributions when turned over to the District. The developer is currently working on Phase II The estimated cost of future capital contributions to the District is currently unavailable.

OTHER ASSETS

Future Utility Plant Preliminary Survey and Design Charges

These charges represent engineering, legal, accounting and other incidental costs incurred for the acquisition and or development of future sewer and water systems.

Other Assets-Capacity Upgrades

The District's contribution to the Charles Town wastewater treatment plant upgrade is being amortized over the remaining life (25 years) of the associated bonds. The carrying amount of this asset, net of amortization at June 30, 2017 and 2016 is $574,489 and $618,680 respectively. (See details on reclassification in Sewer Service Agreement note).

REVENUE BONDS PAYABLE

The District was obligated under trust indentures with respect to the following sewer and water revenue bonds outstanding at June 30, 2017 and 2016:

Water	2017	2016
Series 2014 A Water Revenue Bonds, original face value of $985,350, payable in quarterly installments with principal beginning December 1, 2014, at 0.5% interest and concluding on September 1, 2045.	$ 931,838	$ 962,474

REVENUE BONDS PAYABLE (Continued)

The District was obligated under trust indentures with respect to the following sewer and water revenue bonds outstanding at June 30, 2017 and 2016:

Sewer	2017	2016
Series - 1988 B sewer revenue bonds, original face value of $425,767, payable in annual installments, with principal beginning in 1990 at $10,917 at 0% interest and concluding October 10, 2028.	$ 131,008	$ 141,925
Series - 1998 B sewer revenue bonds, original face value of $599,089, payable in quarterly installments, with principal beginning September 1, 1999 at $7,489 at 0% interest and concluding June 1, 2019.	59,904	89,856
Series - 1998 C sewer revenue bond, Infrastructure fund, original face value of $662,039, payable in quarterly installments, with principal and interest beginning September 1, 2019 at 1% interest and concluding June 1, 2038.	662,039	662,039
Series - 1999 A sewer revenue bond, original face value of $378,363, payable in quarterly installments, with principal beginning June 1, 2000 at $3,154 at 0% interest and concluding March 1, 2030.	160,803	173,415
Series - 2000 A sewer revenue bonds, original face value of $1,154,889, payable in quarterly installments with principal beginning March 1, 2002 at $9,625 at 0% interest and concluding December 1, 2031.	558,192	596,688
Series - 2008 A sewer revenue bonds, original face value of $2,005,000, payable in quarterly installments with principal beginning March 1, 2009 at $16,709 at 0% interest and concluding December 1, 2038.	1,436,894	1,503,730
Series - 2010 A sewer revenue refunding bonds, original face value of $1,895,000, payable in semi-annual installments with principal beginning October 1, 2010 at $19,900 at $3% increasing to 4.375% interest and concluding on October 1, 2028.	$ 1,395,000	$ 1,485,000

REVENUE BONDS PAYABLE (Continued)

	2017	2016
Series - 2013 A Sewer Revenue Bonds, original face value of $1,660,000, payable in semi-annual installments with principal beginning June 1, 2014, at 2.25% increasing to 4.0% interest and concluding on October 1, 2028.	$ 1,290,000	$ 1,385,000
Series - 2015 A Sewer Revenue Bonds, original face value of $660,000, payable in 180 monthly installments with principal beginning December 1, 2016, at 3.39% interest.	602,567	640,240
Total sewer revenue bonds payable	$ 6,296,407	$ 6,677,893

Maturities of sewer and water revenue bonds payable and interest payments for each of the next five years and in subsequent five-year increments succeeding June 30, 2017 are as follows:

	Sewer		Water	
Year Ending June 30	Principal	Interest	Principal	Interest
2018	$ 387,065	$ 119,236	$ 30,789	$ 4,602
2019	391,299	113,254	30,943	4,447
2020	404,436	111,809	31,098	4,292
2021	416,090	103,031	31,254	4,137
2022	422,795	93,451	31,411	3,980
2023-2027	2,271,361	307,213	159,426	17,524
2028-2032	1,345,817	44,907	163,461	13,490
2033-2037	518,883	6,790	167,597	9,355
2038-2042	138,660	238	171,838	5,115
2043-2046	-	-	114,021	999
	$ 6,296,407	$ 899,929	$ 931,838	$ 67,941

The bond issues are secured by a first lien on the revenues derived from the system and a statutory mortgage lien on the system.

All sewer revenue bonds are on parity with each other.

Sewer revenue bond activity for the year ended June 30, 2016 was as follows:

	Balance at July 01, 2015	Additions	Deductions	Balance at June 30, 2016
Series 1988 B	$ 152,842	$ -	$ 10,917	$ 141,925
Series 1998 B	119,808	-	29,952	89,856
Series 1998 C	662,039	-	-	662,039
Series 1999 A	186,027	-	12,612	173,415
Series 2000 A	635,184	-	38,496	596,688
Series 2008 A	1,570,566	-	66,836	1,503,730
Series 2010 A	1,570,000	-	85,000	1,485,000
Series 2013 A	1,480,000	-	95,000	1,385,000
Series 2016 A	-	660,000	19,760	640,240

REVENUE BONDS PAYABLE (Continued)

Total sewer revenue bonds payable	$ 6,376,466	$ 660,000	$ 358,573	$ 6,677,893
Less: Current portion due in upcoming year				378,846
Long-term sewer revenue bonds payable at June 30, 2016 (net of current portion)				$ 6,299,047

Sewer revenue bond activity for the year ended June 30, 2017 was as follows:

	Balance at July 01, 2016	Additions	Deductions	Balance at June 30, 2017
Series 1988 B	$ 141,925	$ -	$ 10,917	$ 131,008
Series 1998 B	89,856	-	29,952	59,904
Series 1998 C	662,039	-	-	662,039
Series 1999 A	173,415	-	12,612	160,803
Series 2000 A	596,688	-	38,496	558,192
Series 2008 A	1,503,730	-	66,836	1,436,894
Series 2010 A	1,485,000	-	90,000	1,395,000
Series 2013 A	1,385,000	-	95,000	1,290,000
Series 2016 A	640,240	-	37,673	602,567
Total sewer revenue bond payable	$ 6,677,893	$ -	$ 381,486	$ 6,296,407
Less: Current portion due in upcoming year				387,065
Long-term sewer revenue bonds payable at June 30, 2017 (net of current portion)				$ 5,909,342

Water revenue bond activity for the year ended June 30, 2016 was as follows:

	Balance at July 01, 2015	Additions	Deductions	Balance at June 30, 2016
Series 2014 A	985,292	$ -	22,818	$ 962,474
Less: Current portion due in upcoming year				30,636
Long-term sewer revenue bonds payable at June 30, 2016 (net of current portion)				$ 931,838

Water revenue bond activity for the year ended June 30, 2017 was as follows:

	Balance at July 01, 2016	Additions	Deductions	Balance at June 30, 2017
Series 2014 A	962,474	$ -	30,636	$ 931,838
Less: Current portion due in upcoming year				30,789
Long-term sewer revenue bonds payable at June 30, 2017 (net of current portion)				$ 901,049

REVENUE BONDS PAYABLE (Continued)

The covenants contained in each of the bond issues include the following ratios and deposit requirements:

	Sewer		Water	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Debt service coverage ratio Requirement 115%	158%	160%	128%	73%
Funding of renewal and replacement fund	Yes	Yes	Yes	No
Funding of Debt Service fund	Yes	Yes	Yes	Yes

The Series 2016A (Sewer) Bonds were issued in the prior year to cover engineering and pre-construction costs related to a sewer transmission project. Although the calculated Water debt service coverage ratio of 73% was below the required 115%, the District was not in violation of this bond covenant as they already had rates in place to achieve the required coverage ratio in future years. However, the water renewal and replacement account was not timely established and funded; therefore, the District was in violation of the respective bond covenant at June 30, 2016. At June 30, 2017, the District was in compliance with all bond covenants.

Current Refunding - Deferred Outflows

The District on June 24, 2010, issued Series 2010 A Sewer revenue bonds to refund its Series 1998 A revenue refinancing bonds. As required by Generally Accepted Standards Board Statement No. 23, the District deferred the difference between the reacquisition price and the net carrying amount of the old debt to be amortized as a component of interest expense over the shorter of the remainder life of the old debt or the new debt.

Deferred requisition cost:	Original Amt.	Accum. Amort.	Net Amount
Series 1998 A bond issue costs	$ 109,885	$ 43,461	$ 66,424
Deferred loss on 1998 A refinance	249,842	97,161	152,681
Deferred 2010 A reacquisition cost	$ 359,727	$ 140,622	$ 219,105

NOTES PAYABLE

Notes payable consist of the following:

	2017	2016
Sewer Department		
Note payable to the bank in the amount of $44,062 at the fixed rate of 4.25%, principal and interest due in monthly installments beginning February 2012 and concluding in January 2017.	-	$ 5,640

Principal amounts due over the life of the bond are as follows:

Jefferson County Public Service District

SCHEDULES OF OPERATING EXPENSES - SEWER DEPARTMENT

For the years ended June 30, 2017 and 2016

	2017	2016
COLLECTING EXPENSES		
Operation labor	$ 49,127	$ 48,702
Supplies and expense	4,179	3,803
Total	53,306	52,505
PUMPING SYSTEM		
Operation labor	69,678	69,984
Power purchased for pumping	47,455	45,520
Pumping and supplies	52,539	52,293
Pumping maintenance	60,713	46,778
Total	230,385	214,575
TREATMENT AND DISPOSAL SYSTEM EXPENSES		
Operation labor	4,116	2,041
Supplies and expense	4,067	3,993
Treatment and disposal rent	995,921	940,800
Total	1,004,104	946,834
BILLING AND COLLECTING EXPENSES		
Meter reading, accounting and collection	141,315	137,855
ADMINISTRATIVE AND GENERAL EXPENSES		
General office salaries	236,084	231,275
Employee benefits	284,808	65,278
Office supplies and expense	81,896	83,550
Insurance	51,857	38,542
Professional fees	96,991	237,773
Miscellaneous general expense	16,912	23,742
Directors' fees	5,400	7,050
Rent	87,184	84,645
Regulatory commission expense and penalties	21,655	23,462
Transportation expense	42	4,002
Utilities	20,697	20,453
Bad debts	17,361	15,347
Repairs and maintenance	11,166	19,091
Total	934,053	854,210
Total operating expenses	$ 2,363,163	$ 2,205,979

See independent auditors' report.

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CoxHollida &Professionals

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Members of the Public Service Board
Jefferson County Public Service District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Jefferson County Public Service District ("District") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CoxHollida & Professionals PLLC

Martinsburg, West Virginia

October 11, 2017

Jefferson County Public Service District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

Internal Control

None

Compliance

None

Jefferson County Public Service District

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

Internal Control

None

Compliance

2016-001 **Condition:**

The District did not timely deposit renewal and replacement funds into a separate account following issuance of the 2015 Water Bonds. Bond covenants require the District to calculate and deposit two and one half percent (2 1/2 %) of each months water revenues.

Recommendation:

The District should ensure that they follow and adhere to all bond covenants, including the timely calculation and deposit of required renewal and replacement funds.

Audited Agency's Response:

The District's water fund did not have any previous water revenue bonds prior to the 2015 series bonds. Thus, there was no previous requirement for funding a replacement reserve. When the District realized the violation of this covenant, the Board established an account and a plan to fully fund the depreciation reserve. Prior to the establishment of the separate depreciation reserve account, the District had a savings account set up to fund upgrades.

Current Status:

Corrected

NONCURRENT LIABILITIES

Changes in long-term liabilities for governmental activities for the fiscal year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
OPEB obligation	$ 193,755	$ 9,769	$ -	$ 203,524
Net pension liability	130,213	228,536	-	358,749
	$ 323,968	$ 238,305	$ -	$ 562,273
Current portion due in upcoming year				$ -

CAPACITY IMPROVEMENT FEES

The District began collecting capacity improvement fees in March 2005 for all new connections to the District's system pursuant to a PSC order dated March 28, 2005. This order was modified by an order dated January 30, 2009, to increase the amount of the capacity improvement fee collected to $7,500 from $1,127 per equivalent dwelling unit. The January 30, 2009 order was changed by the March 20, 2013 order to reduce capacity improvement fees collected from $7,500 to $1,127 per equivalent dwelling unit. The March 20, 2013 order was changed in August 2016 by PSC WV Order No. 17 to increase capacity improvement fees collected from $1,127 to $4,832 per equivalent dwelling unit for service rendered on or after August 13, 2016.

The final order in WV PSC case #15-1338-PSD-42R-PC, was issued on March 23, 2017. In this order the PSC reduced the amount of the capacity improvement fee the District had been collecting from $4,832 to $3,207. The amount of the reduction, $1,625, was the portion of the fee that the District had been collecting per our agreement with Ranson for use of their Flowing Springs Pump Station. Since Ranson withdrew from the agreement, the PSC removed their portion of this capacity improvement fee from the District's collected fee even though District flows continue to use the Flowing Springs Pump Station. Now, out of the $3,207 collected for each equivalent dwelling unit, (EDU), the District retains $2,080 for District future capacity needs due to growth and the balance of $1,127 is sent to Charles Town. Capacity upgrades needed due to growth is the only purpose the money can be used and the District must get permission from the WV PSC to use these funds. The collected money is kept in a separate bank account. Because the District had been collecting the fee since initiation of this case on August 13, 2015, there were 107 EDUs of capacity improvement fees collected which included the $1,625 portion for Ranson. $173,875 related to these 107 EDUs were refunded at the conclusion of the case.

As required by the previous order, new service connections that will be treated at the Charles Town waste water treatment plant, $1,127 per equivalent dwelling unit will be maintained in a separate fund administered jointly by the parties and shall only be used for the purpose of improving the Charles Town treatment facilities.

Capacity improvement fee activity for the years ended June 30, 2017 and 2016:

Charles Town WWTP	**June 30, 2017**	June 30, 2016
Capacity improvement fees collected	$ **296,033**	$ 299,260
Capacity improvement fees remitted to Charles Town	**(77,763)**	(73,255)
Deposited in Districts CIF Account	**(218,270)**	(226,005)
Refunded Ranson CIFs per PSC Order	**173,875**	-
Net CIF deposits in District's CIF Account	$ **(44,395)**	$ (226,005)

MISCELLANEOUS OPERATING REVENUES

Miscellaneous operating revenues - sewer department- consist of the following items:

	2017	2016
Transportation credits	$ 38,548	$ 36,545
System billing fees - water department	32,132	31,148
Shared staff reimbursement	-	2,093
Bad debts recovered	1,710	1,800
Disconnect/reconnect fees	3,950	430
Other miscellaneous revenue	6,227	5,217
Total	$ 82,567	$ 77,233

LEASE

In April 2008, the District entered into a (10) ten year facilities lease agreement with options to extend. The monthly lease payments start at $5,782 for the first twelve months and escalate at a rate of 3% each year. The District expensed $87,184 and $84,645 in lease expense for fiscal years ended June 30, 2017 and 2016 respectively. Minimum future rental payments under non-cancelable operating lease are as follows:

2018	$ 89,648
2019	37,946
Total minimum future rental payments	$ 127,594

SEWER SERVICE AGREEMENT

Effective for service rendered on and after May 1, 2005, by order of the Public Service Commission of West Virginia (PSC), the District is considered a bulk rate customer to the City of Charles Town; therefore, the specific formula used to calculate the amount charged for these sewer services in prior years was changed to include actual usage at a resale rate as stated in the City of Charles Town's sewer tariff, less resale and transportation credits, applicable only to the District. The bulk rate is reflected at gross in the supplemental schedule of operating expenses - sewer department under treatment and disposal rent. The credits are reflected as income in the District's financial statements. The resale credit, which is for the debt incurred by the District as part of the 2000 Charles Town treatment plant upgrade, is reflected as miscellaneous non-operating revenues.

As of July 1, 2005, the District's asset related to the Charles Town wastewater treatment plant upgrade was reclassed from utility plant in service to other assets on the balance sheet and is being amortized over the remaining life (25 years) of the associated bonds for the Charles Town wastewater treatment plant upgrades (Series 2000). The carrying amount of this asset, net of amortization at June 30, 2017 and 2016 is $574,489 and $618,680 respectively. The transportation credits are for reimbursement of fixed debt associated with lift stations to transport Charles Town's sewage from the former Sanitary Associates service area, and for flows from the former Sanitary Associates area. These credits are included in miscellaneous operating revenues. During the years ended June 30, 2017 and 2016, treatment expenses totaled $995,921 and $940,800 respectively.

EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information, and Funding Policies

The District participates in the West Virginia Public Employees Retirement System (WVPERS), a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Council employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The plan is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contribution methods, and benefits provisions:

Eligibility to participate	All full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.5% - 6.0%
District's contribution rate	12.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information

Fiscal Year Ended	District Contributions	Employee Contributions	Total Contributions	Percent Contributed
2017	$ 60,116	$ 23,300	$ 83,416	100%
2016	65,410	22,484	87,894	100%
2015	67,214	21,605	88,819	100%
2014	69,108	21,438	90,546	100%
2013	65,554	21,071	86,625	100%
2012	64,383	19,981	84,364	100%

EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net position liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2014 and rolled forward to June 30, 2016 using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the government's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2016:

Amount for proportionate share of net pension liability	$	323,174
Percentage for proportionate share of net pension liability		0.035161%
Increase/(decrease) % from prior proportion measured		-0.024100%

For the year ended June 30, 2017, the government recognized the following pension expense:

PERS pension expense	$	60,116

The government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Changes of assumptions	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 101,553	$ -
Deferred difference in assumptions	-	15,745
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,646	1,871
Differences between expected and actual experience	26,950	
Government contributions subsequent to the measurement date	60,016	-
	190,165	17,616

EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2017	$	49,897
2018		49,894
2019		131,817
2020		89,082
2021		-
Thereafter		-
	$	320,690

Actuarial Assumptions

The total pension liability was determine by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	3.00%
Salary increases	3.0% - 4.6%
Investment Rate of Return	7.50%

Mortality Rates

Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA

Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA

Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA

Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA

The actuarial assumptions used in the July 1, 2014 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rates of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (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 percentage and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the PERS defined benefit plan:

EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Actuarial assumptions (continued)

Investment	Long-term Expected Real Rate of Return	PERS Target Asset Allocation
US (Domestic) Equity	7.0%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	2.7%	7.5%
High Yield Fixed Income	5.5%	7.5%
Real Estate	5.6%	10.0%
Private Equity	9.4%	10.0%
Hedge Funds	4.7%	10.0%
Cash	1.5%	0.0%
Inflation (CPI)	1.9%	0.0%
		100.0%

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection 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 for each 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.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Government's proportionate share of PERS's net pension liability	$ 584,991	$ 323,171	$ 100,817

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District is an active participant with the West Virginia Public Employees Insurance Agency (PEIA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. PEIA provides medical benefits to retired employees and former employees of participating and non-participating West Virginia government entities. West Virginia Code, Chapter 5, Article 16, assigns the authority to establish and amend benefit provisions to PEIA. PEIA annually issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained online from PEIA's website: www.westvirginia.com/peia.

Funding Policy. West Virginia Code, Chapter 5, Article 16 provides that contribution requirements of the plan and the participating employers are established and may be amended by PEIA. Plan members or beneficiaries receive benefits do not contribute to the plan.

Participating employers are contractually required to contribute at a rate assessed each year by PEIA. PEIA sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

	Fiscal Years Ended June 30:		
	2017	2016	2015
Per participant per month:			
Contractually required Contributions	$ 196	$ 164	$ 164
District contributions to PEIA for pay as you go	$ 278	$ 266	$ 225
District's annual required contributions:			
Contractually required	$ 26,634	$ 26,945	$ 24,576
District contributions to PEIA for pay as you go	10,170	13,776	13,776
Net OPEB obligation	$ 16,464	$ 13,169	$ 10,800
Percentage of required contributions paid	38%	51%	56%

	2014
Per participant per month:	
Contractually required Contributions	$ 176
District contributions to PEIA for pay as you go	$ 94
District's annual required contributions:	
Contractually required	$ 19,296
District contributions to PEIA for pay as you go	14,784
Net OPEB obligation	$ 4,512
Percentage of required contributions paid	77%

OTHER POST EMPLOYMENT BENEFITS (Continued)

The District recorded the total net OPEB obligation during fiscal year ended June 30, 2013 which consisted of the following:

Net OPEB obligation	
Fiscal year ended June 30:	
2017	$ 16,464
2016	13,169
2015	10,800
2014	4,512
2013	3,792
2012	38,112
2011	44,520
2010	51,362
2009	19,001
2008	8,487
	$ 210,219

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2016 and 2014:

	2017		2016	
	Water	Sewer	Water	Sewer
Cash	$ 4,223	$ 360,822	$ 5,760	$ 185,782
Restricted cash	15,431	1,506,691	11,010	1,485,300
Total	$ 19,654	$ 1,867,513	$ 16,770	$ 1,671,082

Schedule of Noncash Investing and Financing activities at June 30, 2017 and 2016 - Sewer:

	2017	2016
Loss on dropped projects	$ (133,260)	$ (4,986)
Loss on disposal of assets	$ -	$ (7,980)

REQUIRED SUPPLEMENTAL INFORMATION

Jefferson County Public Service District

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

June 30, 2017, 2016 and 2015

Public Employees Retirement System

Last 3 Fiscal Years

	2017	2016
Government's proportion of the net pension liability (asset) (percentage)	0.035161%	0.035402%
Government's proportion of the net pension liability (asset)	$ 323,174	$ 197,686
Government's covered-employee payroll	$ 500,963	$ 484,519
Government's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	64.51%	40.80%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	83.10%

	2015
Government's proportion of the net pension liability (asset) (percentage)	0.035591%
Government's proportion of the net pension liability (asset)	$ 131,356
Government's covered-employee payroll	$ 480,102
Government's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	27.36%
Plan fiduciary net position as a percentage of the total pension liability	79.70%

See independent auditors' report.

Jefferson County Public Service District

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

June 30, 2017 through 2012

Public Employees Retirement System

Last 6 Fiscal Years

	2017	2016	2015	2014	2013
Contractually required contribution	$ 60,116	$ 65,410	$ 67,214	$ 69,108	$ 65,554
Contributions in relation to the contractually required contribution	(60,116)	(65,410)	(67,214)	(69,108)	(65,554)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 500,963	$ 484,519	$ 480,102	$ 477,898	$ 468,246
Contributions as a percentage of covered-employee payroll	12.00%	13.50%	14.00%	14.50%	14.00%

	2012
Contractually required contribution	$ 64,383
contractually required contribution	(64,383)
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 442,022
Contributions as a percentage of	14.50%

See independent auditors' report.

SUPPLEMENTAL INFORMATION

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - WATER DEPARTMENT

For the year ended June 30, 2017

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES						
Operating revenues		$ 78,200	$ 99,000	$ 99,342 (C)$	153	$ 99,495
Non-operating revenues	(B)	300	300	153	(77)	76
Total revenues		78,500	99,300	99,495	76	99,571
REVENUE DEDUCTIONS BEFORE DEPRECIATION						
Operating expenses		47,714	54,380	54,366	-	54,366
Income before depreciation		30,786	44,920	45,129	76	45,205
DEPRECIATION	(A)	-	-	-	79,189	79,189
Income before non-operating expenses		30,786	44,920	45,129	(79,113)	(33,984)
NON-OPERATING INCOME (EXPENSES)						
Interest income	(B)	-	-	-	76	76
Interest expense	(F)	-	-	-	(4,755)	(4,755)
Total non-operating income (expenses)		-	-	-	(4,679)	(4,679)
CAPITAL CONTRIBUTIONS	(D)	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Renewal and replacement funds	(E)	(1,955)	(2,483)	-	-	-
Reserve for meters	(E)	(1,920)	-	-	-	-
Debt service	(E)	(32,442)	(38,930)	-	-	-
SB 234	(E)	(5,964)	(4,136)	-	-	-
Total other financing sources (uses)		(42,281)	(45,549)	-	-	-
Increase (decrease) net position		(11,495)	(629)	45,129	(83,792)	(38,663)
Net position at beginning of year		481,118	495,704	465,111	(43,511)	1,475,442
Net position at end of year		$ 469,623	$ 495,075	$ 510,240	$ (127,303)	$ 1,436,779

NOTES:

(A) Non-cash items are not included for budgetary purposes.
(B) For budgetary purposes, includes interest earned included in miscellaneous revenues
(C) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(D) For budgetary purposes, includes capital contributions.
(E) Budget includes principal, interest and fund of reserve accounts.
(F) Interest expense is included in debt service for budgetary purposes.

See independent auditors' report

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - WATER DEPARTMENT

For the year ended June 30, 2016

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES						
Operating revenues		$ 83,000	$ 78,200	$ 77,567 (C)	$ 152	$ 77,719
Non-operating revenues	(B)	300	300	19	(19)	-
Total revenues		83,300	78,500	77,586	133	77,719
REVENUE DEDUCTIONS BEFORE DEPRECIATION						
Operating expenses		42,500	47,714	52,085	-	52,085
Income before depreciation		40,800	30,786	25,501	133	25,634
DEPRECIATION	(A)	-	-	-	79,122	79,122
Income before non-operating expenses		40,800	30,786	25,501	(78,989)	(53,488)
NON-OPERATING INCOME (EXPENSES)						
Interest income	(B)	-	-	-	18	18
Interest expense		-	-	-	(4,073)	(4,073)
Grant revenue	(E)	-	-	-	39,183	39,183
Total non-operating income (expenses)		-	-	-	35,128	35,128
CAPITAL CONTRIBUTIONS	(D)	-	-	-	350	350
Increase (decrease) in net position		40,800	30,786	25,501	(43,511)	(18,010)
Net position at beginning of year		440,318	464,918	439,610	-	1,493,452
Net position at end of year		$ 481,118	$ 495,704	$ 465,111	$ (43,511)	$ 1,475,442

NOTES:

(A) Non-cash items are not included for budgetary purposes.
(B) For budgetary purposes, includes interest earned.
(C) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(D) For budgetary purposes, includes capital contributions.
(E) Grant revenue are not normally included for budgetary purposes.

See independent auditors' report.

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - SEWER DEPARTMENT

For the year ended June 30, 2017

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES							
Operating revenues		$ 3,049,267	$ 3,049,267	$ 3,009,574	(F)$	82,567	$ 3,092,141
Non-operating revenues	(C)	96,928	96,928	128,000		(128,000)	-
Total revenues		3,146,195	3,146,195	3,137,574		(45,433)	3,092,141
REVENUE DEDUCTIONS BEFORE DEPRECIATION							
Operating expenses	(G)	2,434,915	2,399,742	2,117,266		245,897	2,363,163
Income before depreciation		711,280	746,453	1,020,308		(291,330)	728,978
DEPRECIATION	(A)	-	-	-		408,255	408,255
Income before non-operating expenses		711,280	746,453	1,020,308		(699,585)	320,723
NON-OPERATING INCOME (EXPENSES)							
Interest income	(C)	-	-	-		4,021	4,021
Interest expense	(B)	-	-	-		(149,250)	(149,250)
Amortization of treatment plant upgrades	(A)	-	-	-		(44,773)	(44,773)
Loss due to dropped projects	(A)	-	-	-		(133,260)	(133,260)
Miscellaneous non-operating revenues	(A)	-	-	-		41,412	41,412
Total non-operating income (expenses)		-	-	-		(281,850)	(281,850)
Increase (decrease) in net position before capital contributions		711,280	746,453	1,020,308		(981,435)	38,873
CAPITAL CONTRIBUTIONS	(C)	-	-	-		1,009,551	1,009,551
OTHER FINANCING SOURCES (USES)							
Renewal and replacement funds	(D)	(78,655)	(78,655)	(78,428)	(E)	78,428	-
SB 234 funds	(D)	(304,364)	(202,317)	(202,317)	(E)	202,317	-
Debt service	(D)	(555,163)	(555,163)	(561,372)	(E)	561,372	-
Total other financing (uses)		(938,182)	(836,135)	(842,117)		842,117	-
Increase (decrease) in net position		(226,902)	(89,682)	178,191		870,233	1,048,424
Net position at beginning of year		7,742,054	7,742,054	7,742,054		-	7,742,054
Net position at end of year		$ 7,515,152	$ 7,652,372	$ 7,920,245		$ 870,233	$ 8,790,478

NOTES.

(A) Non-cash items are not included for budgetary purposes.
(B) Interest expense is included in debt service for budgetary purposes
(C) For budgetary purposes, includes interest earned on debt service and other funds, capital contributions, developer guaranteed minimum payments, grant revenues and miscellaneous operating revenues
(D) Budget includes principal, interest, and funding of debt service and reserve funds.
(E) Balance sheet transactions are excluded from revenues and expenses under GAAP.
(F) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(G) Budget operating expenses do not include bad debts or increase in OPEB liability.

See independent auditors' report.

Jefferson County Public Service District

BUDGETARY COMPARISON SCHEDULE - SEWER DEPARTMENT

For the year ended June 30, 2016

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
REVENUES							
Operating revenues		$ 2,591,478	$ 2,916,194	$ 2,916,185	(F)$	77,233	$ 2,993,418
Non-operating revenues	(C)	164,000	121,256	119,866		(119,864)	2
Total revenues		2,755,478	3,037,450	3,036,051		(42,631)	2,993,420
REVENUE DEDUCTIONS BEFORE DEPRECIATION							
Operating expenses	(G)	2,210,640	2,328,155	2,191,776		14,204	2,205,980
Income before depreciation		544,838	709,295	844,275		(56,835)	787,440
DEPRECIATION	(A)	-	-	-		399,514	399,514
Income before non-operating expenses		544,838	709,295	844,275		(456,349)	387,926
NON-OPERATING INCOME (EXPENSES)							
Interest income	(C)	-	-	-		1,219	1,219
Loss on disposal of assets	(A)	-	-	-		(7,980)	(7,980)
Interest expense	(B)	-	-	-		(146,414)	(146,414)
Amortization of treatment plant upgrades	(A)	-	-	-		(44,192)	(44,192)
Bond issuance costs	(A)	-	-	-		(22,297)	(22,297)
Loss due to dropped projects	(A)	-	-	-		(4,986)	(4,986)
Miscellaneous non-operating revenues	(A)	-	-	-		41,412	41,412
Total non-operating income (expenses)		-	-	-		(183,238)	(183,238)
Increase (decrease) in net position before capital contributions		544,838	709,295	844,275		(639,587)	204,688
CAPITAL CONTRIBUTIONS	(C)	-	-	-		227,254	227,254
OTHER FINANCING SOURCES (USES)							
Renewal and replacement funds		(345,217)	(366,956)	(349,873)	(E)	349,873	-
Debt service	(D)	(463,894)	(493,774)	(493,557)	(E)	493,557	-
Total other financing (uses)		(809,111)	(860,730)	(843,430)		843,430	-
Increase (decrease) in net position		(264,273)	(151,435)	845		431,097	431,942
Net position at beginning of year		7,310,112	7,310,112	7,310,112		-	7,310,112
Net position at end of year		$ 7,045,839	$ 7,158,677	$ 7,310,957		$ 431,097	$ 7,742,054

NOTES:

(A) Non-cash items are not included for budgetary purposes.
(B) Interest expense is included in debt service for budgetary purposes.
(C) For budgetary purposes, includes interest earned on debt service and other funds, capital contributions, developer guaranteed minimum payments and miscellaneous operating revenues.
(D) Budget includes principal, interest, and funding of debt service and reserve funds.
(E) Balance sheet transactions are excluded from revenues and expenses under GAAP.
(F) Miscellaneous revenues included in non-operating revenues for budgetary purposes.
(G) Budget operating expenses do not include bad debts or increase in OPEB liability.

See independent auditors' report.

Jefferson County Public Service District

SCHEDULES OF OPERATING EXPENSES - WATER DEPARTMENT

For the years ended June 30, 2017 and 2016

	2017	2016
SOURCE OF SUPPLY EXPENSES		
Repairs and maintenance	$ 309	$ 4,318
Operation supplies and expenses	1,240	1,044
Total	1,549	5,362
PUMPING EXPENSES		
Repairs and maintenance	38,593	31,148
Operation supplies and expenses	5,698	5,072
Total	44,291	36,220
BILLING AND COLLECTING EXPENSES		
Meter reading, accounting and collection	30	47
ADMINISTRATIVE AND GENERAL EXPENSES		
Professional fees	-	1,680
Bad debts	6	54
Miscellaneous expenses	8,490	8,723
Total	8,496	10,457
Total operating expenses	$ 54,366	$ 52,086

See independent auditors' report.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix has been obtained from sources that the Issuer, CTUB and the Underwriter believe to be reliable, but none of the Issuer, CTUB or the Underwriter takes 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 2018 B Bonds. The Series 2018 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 2018 B Bond certificate will be issued for each maturity of the Series 2018 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 2018 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 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 2018 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 2018 B Bonds, except in the event that use of the book-entry system for the Series 2018 B Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2018 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 2018 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 2018 B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 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 2018 B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 B Bonds documents. For example, Beneficial Owners of Series 2018 B

Bonds may wish to ascertain that the nominee holding the Series 2018 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 2018 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 2018 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 the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2018 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 2018 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 the 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 the 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 2018 B Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2018 B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2018 B Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2018 B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2018 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 2018 B Bonds at any time by giving reasonable notice to the Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2018 B Bonds certificates are required to be printed and delivered.

11. The 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 2018 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 the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

December ___, 2018

City of Charles Town (West Virginia)
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B

City of Charles Town
Charles Town, West Virginia

Crews & 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 2018 B (the "Series 2018 B Bonds").

The Series 2018 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 September 17, 2018, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on December 3, 2018 and a Certificate of Determinations dated as of, and executed by the Mayor on, _____, 2018 (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 2018 B Bonds are issued in fully registered form, are dated _____, 2018, mature on _____ 1 in the years and amounts and bear interest payable each _____ 1 and _____ 1, commencing _____ 1, 201__, all as set forth in the Ordinance.

The Ordinance provides that the Series 2018 B Bonds are being issued by Issuer, to provide funds: (i) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing the following obligations of the District which are secured by either a first or junior lien on the Net Revenues of the District Sewer System: Sewer Refunding Revenues Bonds, 2010 Series A, Sewer Revenue Bonds, 2013 Series A and Sewer Revenue Bonds, Series 2015; (iii) pay engineering, accounting, legal and other

professional fees and other costs related to the acquisition of the District Assets; (iii) fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy from Build America Mutual Assurance Company (the "Bond Insurer"); (iv) pay the premium for a municipal bond insurance policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (v) pay Costs of Issuance of the Series 2018 B Bonds and related costs.

The Series 2018 B Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated _____, 2018 (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 Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation 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 Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation 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 Agreement and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2018 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 Agreement and the Tax Certificate; has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2018 B Bonds; and has issued and delivered the Series 2018 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 Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2018 B Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable special limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the Combined Waterworks and Sewerage System, on a parity with the Prior Bonds and the Series 2018 A Bonds, as defined in the Ordinance, and from the unexpended proceeds of the Series 2018 B Bonds. The Series 2018 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 2018 B Bonds of said issue, and in our opinion, said Series 2018 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 2018 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 2018 B Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations for the taxable years that began prior to January 1, 2018. Ownership of tax-exempt obligations, including the Series 2018 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 2018 B Bonds. Prospective purchasers of the Series 2018 B Bonds should consult their own tax advisors as to such consequences.

The Issuer has designated the Series 2018 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

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 2018 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 2018 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 2018 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2018 B Bonds.

7. Under the Act, the Series 2018 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 2018 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 2018 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2018 B Bonds and the enforceability of the Series 2018 B Bonds, the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the Official Statement prepared and used in connection with the offering and sale of the Series 2018 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 H

SERIES 2018 B ORDINANCE

CITY OF CHARLES TOWN, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B
(BANK QUALIFED)

BOND ORDINANCE

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CITY OF CHARLES TOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION 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 $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFED); 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 design, acquisition, construction and equipping 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, the City has entered into an Asset Purchase Agreement (the "Agreement") with Jefferson County Public Service District (the "District") whereby the City has agreed to acquire the assets of the sanitary sewerage collection and treatment system of the District (collectively, the "District Sewer System") and the assets of the potable water distribution and storage system of the District (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets").

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to assume certain water revenue bonds of the District which are secured by the Net Revenues of the District Water System, specifically, the:

(i) Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the original aggregate principal amount of $985,350 (the "District 2014 A Bonds" or the "District Water Bonds").

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to assume certain sewer revenue bonds of the District which are secured by the Net Revenues of the District Sewer System, specifically:

(i) Sewer Revenue Bonds, Series 1988 B, dated May 5, 1988, issued in the original aggregate principal amount of $425,767 (the "District 1988 B Bonds");

(ii) Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089 (the "District 1998 B Bonds");

(iii) Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039 (the "District 1998 C Bonds");

(iv) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363 (the "District 1999 A Bonds");

(v) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $1,154,889 (the "District 2000 A Bonds"); and

(vi) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the original aggregate principal amount of $2,005,000 (the "District 2008 A Bonds").

Collectively, the District 1988 B Bonds, District 1998 B Bonds, District 1998 C Bonds, District 1999 A Bonds, District 2000 A Bonds and District 2008 A Bonds are referred to as the "District Sewer Bonds."

WHEREAS, pursuant to the terms of the Agreement, as part of the consideration for acquiring the District Assets, the City has agreed to (i) pay the entire outstanding principal amount of and interest due on (hereinafter "Pay in Full" or "Payment in Full"), or (ii) deposit with the Paying Agent monies sufficient to pay the outstanding principal amount of and interest due on the earliest call date (hereinafter, "Defease" or "Defeasance"), certain obligations of the District which are either secured by first or junior lien on the Net Revenues of the District Sewer System, specifically:

(i) Sewer Refunding Revenue Bonds, 2010 Series A, dated June 24, 2010, issued in the original principal amount of $1,895,000 and outstanding in the aggregate principal amount of $_____ as of June 30, 2018 (the "District 2010 A Bonds");

(ii) Sewer Revenue Bonds, 2013 Series A, dated June 14, 2013, issued in the original aggregate principal amount of $1,660,000 and outstanding in the aggregate principal amount of $_____ as of June 30, 2018 (the "District 2013 A Bonds"); and

(iii) Sewer Revenue Bond (Sewer Project Development), Series 2015, dated November 3, 2015, issued in the original principal amount of $660,000 and outstanding in the aggregate principal amount of $_____ as of June 30, 2018 (the "District 2015 Bonds").

WHEREAS, contemporaneously with the enactment of this Ordinance, the Common Council of the City is considering the enactment of an Ordinance ("Series 2018 A Ordinance") through which the District Sewer Revenue Bonds and District Water Bonds, upon the transfer of the District Assets to the City and the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, will be (i) assumed by the City, (ii) amended and re-stated to provide security to the bondholder in the Gross Revenues of the System on a parity with the Prior Bonds (as hereinafter defined) and the Series 2018 B Bonds authorized herein; and (iii) be re-designated as follows:

(i) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority)" (the "Series 2018 A-1 Bonds");

(ii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program)" (the "Series 2018 A-2 Bonds");

(iii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund)" (the "Series 2018 A-3 Bonds");

(iv) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program)" (the "Series 2018 A-4 Bonds");

(v) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program)" (the "Series 2018 A-5 Bonds");

(vi) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program)" (the "Series 2018 A-6 Bonds"); and

(vii) "City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), (the "Series 2018 A-7 Bonds").

Collectively, the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are collectively referred to herein as the "Series 2018 A Bonds".

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, specifically including but not

limited to, the acquisition of the District Sewer System, the payment of consideration to the District in an amount equal to the monies necessary to Pay in Full or Defease the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the District Assets, including the Project, when acquired by the City, and any further extensions, additions, betterments and improvements thereto are herein called the "System");

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition of the District Assets and the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, 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 acquisition of the District Sewer System, the Payment in Full or Defeasance of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets 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 2018 B (Bank Qualified) (the "Series 2018 B Bonds"), such Series 2018 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 2018 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 2018 B Bonds.

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

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

"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 2018 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 2018 B Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2018 B Bonds.

"Bond Year" means with respect to each series of the Series 2018 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 2018 B Bonds, the Prior Bonds, the Series 2018 A 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 2018 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2018 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 any independent qualified engineer or engineers or firm or firms of engineers that shall currently, or any time hereafter, be retained by the Issuer or the Board 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.

"District Bonds" means collectively the District Sewer Bonds and the District Water Bonds.

"District Sewer Bonds" means the Jefferson County Public Service District's: (i) Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated May 5, 1998, issued in the original aggregate principal amount of $425,767; (ii) Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089; (iii) Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039; (iv) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363; (v) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the aggregate principal amount of $1,154,889; and (vi) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the aggregate principal amount of $2,005,000.

"District Water Bonds" means the Jefferson County Public Service District's Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the aggregate principal amount of $985,350.

"District 1988 B Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated May 5, 1998, issued in the original aggregate principal amount of $425,767.

"District 1998 B Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089.

"District 1998 C Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039.

"District 1999 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363.

"District 2000 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the aggregate principal amount of $1,154,889.

"District 2008 A Bonds" means the Jefferson County Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the aggregate principal amount of $2,005,000.

"District 2014 A Bonds" Jefferson County Public Service District's Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the aggregate principal amount of $985,350.

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

"DTC-eligible" means, with respect to the Series 2018 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 or the Board 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 2018 B Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2018 B Bonds in accordance with the terms thereof.

"Municipal Advisor" means any registered and licensed municipal advisor or firm of municipal advisors that shall at any time be retained by the Issuer or the Board to provide financial advice related to the Series 2018 B Bonds, the Prior Bonds, the Series 2018 A Bonds or hereinafter issued Additional Parity Bonds, and shall initially mean Compass Municipal Advisors, LLC.

"Net Proceeds" means the face amount of the Series 2018 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 2018 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 2018 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 2018 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2018 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 2018 B Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2018 B Bonds, the Series 2018 A Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond 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 for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2018 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 respective ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, specifically including but not limited to, the acquisition of the District Sewer System, the payment of consideration to the District in an amount equal to the monies necessary to Pay in Full or Defease the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds and the payment of engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets

"Purchase Price" for the purpose of computation of the Yield of the Series 2018 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 2018 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2018 B Bonds of each maturity is sold or, if the Series 2018 B Bonds are privately placed, the price paid by the first buyer of the Series 2018 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 2018 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 2018 B Bonds.

"Qualified Investments" means and includes all investments permitted to be made by a municipality and political subdivision under the laws of the State, as enacted as of the date of enactment of this Bond Ordinance in West Virginia Code § 8-13-22a and 8-22-22a, and as may be amended or modified from time to time. In the event that the laws of the State would cease to provide guidance on permissible investments, the last applicable law of the State shall control such investments.

"Record Date" means the date or dates which shall be so stated in the Series 2018 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 2018 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, 2018, issued in the aggregate principal amount of $7,695,000.

"Series 2018 A Bonds" means, collectively, the Series 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds.

"Series 2018 A-1 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority), originally the District 1988 B Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-2 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-3 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund), originally the District 1998 C Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-4 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-5 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), originally the District 2000 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-6 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program) originally the District Series 2008 A Bonds, and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 A-7 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds.

"Series 2018 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), of the Issuer, authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2018 B Bonds Costs of Issuance Fund" means the Series 2018 B Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2018 B Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2018 B Bonds Reserve Account" means the Series 2018 B Bonds Reserve Account created in the Series 2018 B Bonds Sinking Fund by Section 4.02 hereof.

"Series 2018 B Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2018 B Bonds, (ii) Maximum Annual Debt

Service at the time of original issuance of the Series 2018 B Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2018 B Bonds.

"Series 2018 B Bonds Sinking Fund" means the Series 2018 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2018 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 2018 B Bonds and authorizing the sale of the Series 2018 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 2018 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 District Assets upon acquisition thereof 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, specifically excluding, however, any additions, betterments or improvements thereto which are leased from the Charles Town Building Commission.

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2018 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 approvals from the Public Service Commission of West Virginia and the Common Council of the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), in one or more series in the aggregate principal amount of not more than $4,000,000 to permanently finance the costs 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 2018 B Bonds prior to and during acquisition and for a period not exceeding 6 months after completion of acquisition of the Project; amounts which may be deposited in the Series 2018 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, debt service reserve 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 2018 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 2018 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 2018 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 2018 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");

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");

23. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1(West Virginia Water Development Authority), originally the District 1988 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-1 Bonds");

24. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), originally the District 1998 B Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-2 Bonds");

25. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3

(West Virginia Infrastructure Fund), originally the District 1998 C Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-3 Bonds");

26. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-4 Bonds);

27. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program), originally the District 1999 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series 2018 A-5 Bonds);

28. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program), originally the District 2008 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-6 Bonds"); and

29. Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program), originally the District 2014 A Bonds and assumed by the Issuer contemporaneously with the issuance of the Series 2018 B Bonds (the "Series A-7 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 2018 A-1 Bonds, the Series 2018 A-2 Bonds, the Series 2018 A-3 Bonds, the Series 2018 A-4 Bonds, the Series 2018 A-5 Bonds, the Series 2018 A-6 Bonds and the Series 2018 A-7 Bonds are hereinafter collectively called the "Series 2018 A Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances". The ordinance of the Issuer enacted to authorize the assumption, modification and amendment and re-designation of the Series 2018 A Bonds, is here in referred to as the "Series 2018 A Bond Ordinance."

Prior to the issuance of the Series 2018 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 and the Series 2018 A Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds, if required, and Series 2018 A Bonds to the issuance of the Series 2018 B Bonds on a parity with such Prior Bonds and Series 2018 A Bonds. The Series 2013 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2016 A Bonds and Series 2016 B Bonds do not require written consent.

Other than the Prior Bonds and the Series 2018 A Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer intends to issue the Series 2018 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 and the Series 2018 A 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 2018 B Bonds, and the Prior Bonds and Series 2018 A Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2018 B Bonds and the Prior Bonds and Series 2018 A 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, the Prior Ordinances and the Series 2018 A Bond Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2018 B Bonds, and secure the Series 2018 B Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2018 B Bonds Reserve Account, unexpended proceeds of the Series 2018 B Bonds and as further set forth herein.

J. The Series 2018 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 2018 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 2018 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 2018 B Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2018 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 and operation of the Project and the System and issuance of the Series 2018 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 2018 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 THE PROJECT

Section 2.01. Authorization of the Project. There is hereby authorized and ordered the acquisition of the Project, at an estimated cost of not more than $4,000,000. The proceeds of the Series 2018 B Bonds hereby authorized shall be applied as provided herein. The Series 2018 B Bonds are

hereby authorized, to be issued in one or more series, in the aggregate principal amount of not more than $4,000,000.

ARTICLE III

THE SERIES 2018 B BONDS

Section 3.01. Form and Payment of Bonds. No Series 2018 B Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2018 B Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2018 B Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2018 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2018 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 2018 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 2018 B Bonds shall be in default, Bonds issued in exchange for Series 2018 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 2018 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bond in the principal amount of said Series 2018 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2018 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 2018 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 2018 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 2018 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 2018 B Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2018 B BONDS attached hereto and incorporated herein by reference with respect to the Series 2018 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2018 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 2018 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 2018 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2018 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 2018 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2018 B Bonds. The Series 2018 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 2018 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 2018 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 2018 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2018 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2018 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 2018 B Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2018 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 2018 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2018 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 2018 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 or electronic transmission at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer and the registered owner of the Series 2018 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 2018 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 2018 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 2018 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds. For the purposes of paying a portion of the costs of the Project, paying capitalized interest, if any, funding the Series 2018 B Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2018 B Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $4,000,000. Said Series 2018 B Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank

Qualified)" 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 2018 B Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2018 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2018 B Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $4,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 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 2018 B Bonds. A. The Series 2018 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2018 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 2018 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 2018 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2018 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 2018 B Bond or any other evidence of ownership of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2018 B Bonds so redeemed, but DTC may retain such Series 2018 B Bonds and make an appropriate notation on the Series 2018 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 2018 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 2018 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 2018 B Bonds, selecting the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2018 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 2018 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 2018 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 2018 B Bonds.

Section 3.12. Delivery of Series 2018 B Bonds. The Issuer shall execute and deliver the Series 2018 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds. The definitive Series 2018 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2018 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 2018 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2018 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 2018 B Bonds. Upon the issuance and delivery of the Series 2018 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued, if any, on the Series 2018 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2018 B Bonds Sinking Fund and applied to payment of interest on the Series 2018 B Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2018 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 2018 B Bonds Reserve Account; provided, that to the extent the Series 2018 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 2018 B Bonds shall be deposited in the Series 2018 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2018 B Bonds Reserve Requirement.

3. The amount of Series 2018 B Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2018 B Bonds shall be deposited with the Depository Bank in the Series 2018 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 2018 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 2018 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2018 B Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2018 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 2018 B Bonds from which such proceeds are derived.

4. The balance of Series 2018 B Bonds proceeds, if any, shall be deposited in the Series 2018 B Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2018 B Bonds Construction Fund. Disbursements from the Series 2018 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2018 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 of the Project. Pending such application, monies in the Series 2018 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 2018 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 2018 A-1 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(46) Series 2018 A-1 Bonds Reserve Account (established Series 2018 A Ordinance);

(47) Series 2018 A-2 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(48) Series 2018 A-2 Bonds Reserve Account (established Series 2018 A Ordinance);

(49) Series 2018 A-3 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(50) Series 2018 A-3 Bonds Reserve Account (established Series 2018 A Ordinance);

(51) Series 2018 A-4 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(52) Series 2018 A-4 Bonds Reserve Account (established Series 2018 A Ordinance);

(53) Series 2018 A-5 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(54) Series 2018 A-5 Bonds Reserve Account (established Series 2018 A Ordinance);

(55) Series 2018 A-6 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(56) Series 2018 A-6 Bonds Reserve Account (established Series 2018 A Ordinance);

(57) Series 2018 A-7 Bonds Sinking Fund (established by Series 2018 A Ordinance);

(58) Series 2018 A-7 Bonds Reserve Account (established Series 2018 A Ordinance);

(59) Series 2018 B Bonds Sinking Fund; and

(60) Series 2018 B Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2018 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 and Series 2018 A Ordinance 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 2014 A Bonds, Series 2014 C Bonds, Series 2014 D Bonds, Series 2014 E Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2016 A Bonds, Series 2016 B Bonds, Series 2018 A-3 Bonds and Series 2018 A-7; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2018 B Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2018 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2018 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 2018 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 2018 B Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2018 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2018 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2018 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 and Series 2018 A Ordinance to pay principal on the Prior Bonds and Series 2018 A Bonds; and (ii) for deposit in the Series 2018 B Bonds Sinking Fund (and in the Series 2018 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 2018 B Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2018 B Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2018 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 2018 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 2018 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 2018 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 and Series 2018 A Bonds to be deposited in the respective Prior Bonds Reserve Accounts and Series 2018 A Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2018 B Bonds or upon completion of construction of the Project, whichever is earlier, if not

fully funded upon issuance of the Series 2018 B Bonds, for deposit in the Series 2018 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2018 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2018 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 2018 B Bonds Reserve Requirement; provided further, that if the amounts in the Series 2018 B Bonds Reserve Account, as a result of a decrease in value of the Series 2018 B Bonds Reserve Account below the Series 2018 B Bonds Reserve Account Requirement or any withdrawal from the Series 2018 B Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2018 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2018 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 2018 B Bonds Reserve Account is less than the Series 2018 B Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2018 B Bonds Reserve Account for deposit into the Series 2018 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 2018 B Bonds Reserve Account to an amount equal to the Series 2018 B Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2018 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 2018 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 2018 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2018 B Reserve Account Requirement.

Amounts in the Series 2018 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2018 B Bonds when due, when amounts in the Series 2018 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay 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 set forth in the Prior Ordinances and the Series 2018 A Ordinance 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 2018 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 2018 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, the Series 2018 A Bonds and the Series 2018 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 2018 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 2018 B Bonds Reserve Account to the Series 2018 B Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2018 B Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2018 B Bonds Reserve Account an amount at least equal to the Series 2018 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 2018 B Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2018 B Bonds Reserve Account shall, at any time, be less than the applicable Series 2018 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 2018 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 2018 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, City Manager 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 2018 B Bonds which would cause the Series 2018 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 2018 B Bonds) so that the interest on the Series 2018 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 2018 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 2018 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 2018 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 2018 B Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2018 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 2018 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2018 B Bonds or money in the Series 2018 B Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2018 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2018 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 2018 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 the Series 2018 A Bonds and, in the instance of the Series 2018 B Bonds, all monies and securities in the Series 2018 B Bonds Sinking Fund, including the Series 2018 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 2018 B Bonds herein authorized, to make the payments into the Series 2018 B Bonds Sinking Fund, all monies and securities in the Series 2018 B Bonds Sinking Fund, the Series 2018 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, the Series 2018 A Bonds and the Series 2018 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 August 6, 2018 and the sewer rate ordinance of the Issuer enacted August 6, 2018, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2018 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 2018 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 2018 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 or Series 2018 A 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 Series 2018 A Ordinance 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 2018 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 2018 B Bonds including the Prior Bonds and the Series 2018 A 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 120 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 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 and Series 2018 A Ordinance. Additionally, so long as the Series 2018 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 2018 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 $4,000,000 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 $4,000,000, 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 $4,000,000 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 2018 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 2018 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 2018 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2018 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 and Series 2018 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and Series 2018 A Ordinance 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 2018 B Bonds are outstanding, no 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 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 Additional 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, Series 2018 A Ordinance 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 Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants.

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 Additional Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 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 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 Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Additional 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 Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance, the Prior Ordinances and Series 2018 A Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance, the Prior Ordinances and Series 2018 A Ordinance, shall have been made in full as required to the date of issuance of such Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance, the Prior Ordinances and Series 2018 A Ordinance.

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 2018 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 improvements for the System to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price 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 2018 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 2018 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 2018 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 2018 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds and Series 2018 A Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may obtain a Municipal Bond Insurance Policy for the Series 2018 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 2018 B Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2018 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 2018 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 2018 B Bonds during the term thereof is, under the terms of the Series 2018 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 2018 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 2018 B Bonds during the term thereof is, under the terms of the Series 2018 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 2018 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 2018 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 2018 B Bonds or $4,000,000 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2018 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 2018 B Bonds, the first exchange of Series 2018 B Bonds and the exchange of Series 2018 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 2018 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 2018 B Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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:	July 16, 2018
Second Reading:	August 20, 2018
Effective following Public Hearing held on:	September 17, 2018

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 _____, 2018.

[SEAL]

_____

City Clerk

EXHIBIT A – FORM OF SERIES 2018 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 2018 B (BANK QUALIFIED)

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 2018 B (Bank Qualified)" (the "Series 2018 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2018, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer (i) to pay a portion of the Costs of design, acquisition, construction and equipping of the Project; (ii) [to pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2018 B Bonds;] (iii) [to fund a reserve account for the Series 2018 B Bonds/to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2018 B Bonds] in an amount equal to the Series 2018 B Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2018 B Bonds and related costs. The Series 2018 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 an ordinance duly enacted by the City Council of the Issuer on _____, 2018, and supplemented by a supplemental resolution adopted by said Council on _____, 2018 (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 2018 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 2018 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 2018 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");

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");

23. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-1(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ORIGINALLY THE DISTRICT 1988 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-1 BONDS");

24. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-2 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1998 B BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-2 BONDS");

25. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-3 (WEST VIRGINIA INFRASTRUCTURE FUND), ORIGINALLY THE DISTRICT 1998 C BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-3 BONDS");

26. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-4 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-4 BONDS);

27. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-5 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 1999 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES 2018 A-5 BONDS);

28. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-6 (WEST VIRGINIA SRF PROGRAM), ORIGINALLY THE DISTRICT 2008 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-6 BONDS"); AND

29. COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 A-7 (WEST VIRGINIA DWTRF PROGRAM), ORIGINALLY THE DISTRICT 2014 A BONDS AND ASSUMED BY THE ISSUER CONTEMPORANEOUSLY WITH THE ISSUANCE OF THE SERIES 2018 B BONDS (THE "SERIES A-7 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 2018 A-1 BONDS, THE SERIES 2018 A-2 BONDS, THE SERIES 2018 A-3 BONDS, THE SERIES 2018 A-4 BONDS, THE SERIES 2018 A-5 BONDS, THE SERIES 2018 A-6 BONDS AND THE SERIES 2018 A-7 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SEIRES 2018 A BONDS".

The Series 2018 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 2018 B Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2018 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 2018 B Bonds are to be redeemed, the Series 2018 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 2018 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 2018 B Bond or Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bonds or portions of Series 2018 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 2018 B Bond.

The Series 2018 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 2018 B Bonds Sinking Fund, and the Series 2018 B Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2018 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 2018 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 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account and said unexpended Series 2018 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 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2018 B Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of

the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 B Bonds of which this Series 2018 B Bond is one.

This Series 2018 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 2018 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 2018 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 2018 B Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2018 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 2018 B Bond to be dated as of the Series 2018 B Bond Date specified above.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2018 B Bond is one of the fully registered Series 2018 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 2018 B Bonds.

Dated: _____, 2018.

[_____]
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 I

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

(See Attached)

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of _____, 2018, is executed and delivered by and among the City of Charles Town (the "City") and the Charles Town Utility Board ("CTUB" and, collectively with the City, the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual

Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the duly appointed and acting City Manager of the City (the "City Manager") or the City Manager's or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having 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) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed in Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the last day of the fiscal year immediately following the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2018. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination

Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

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, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Tender offers;"

13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

14. "Merger, consolidation, or acquisition of the obligated person, if material;"

15. "Appointment of a successor or additional trustee, if any, or the change of name of a trustee, if any, if material;"

16. "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and

17. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;" other than those communications included in the Rule;

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;" and

10. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "Timing of annual disclosure (120 days);"

3. "change in fiscal year/timing of annual disclosure;"

4. "change in accounting standard;"

5. "interim/additional financial information/operating data;"

6. "budget;"

7. "investment/debt/financial policy;"

8. "information provided to rating agency, credit/liquidity provider or other third party;"

9. "consultant reports;" and

10. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 11:59 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information substantially in the form of the information provided in the Official Statement under the headings "THE COMBINED WATERWORKS AND SEWERAGE SYSTEM," taking into account, however, the acquisition by the City of the Ranson Sewerage System and the District Assets (as such terms are defined in the Official Statement).

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person 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 Obligated Person, 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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 terms, if material;

14. Appointment of a successor or additional trustee, if any, or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided, that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth (10th) business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided, that such date is not later than the tenth (10th) business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of

1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report,

Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty (30) days written notice to the Disclosure Dissemination Agent and the Trustee, if any, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty (30) days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided, neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than twenty (20) days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No

such amendment shall become effective if the Issuer shall, within ten (10) days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws); provided, however, that obligations of the Issuer shall be governed by, and construed and interpreted in accordance with, the laws of the State of West Virginia..

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

CITY OF CHARLES TOWN

By:_____
Name: Scott Rogers
Title: Mayor

CHARLES TOWN UTILITY BOARD

By:_____
Name: Daryl Hennessy
Title: Chairman

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	City of Charles Town (West Virginia)
Obligated Person(s)	_____
Name of Bond Issue:	The City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
Date of Issuance:	_____ __, 2018
Date of Official Statement	_____ __, 2018

CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	City of Charles Town
Obligated Person:	_____
Name of Bond Issue:	The City of Charles Town (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
Date of Issuance:	_____ __, 2018
Date of Disclosure Agreement:	_____ __, 2018
CUSIP Number:	_____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

_____

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

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, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Tender offers;"
13._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14._____"Merger, consolidation, or acquisition of the obligated person, if material;"
15._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16._____"Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
17._____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of **[C10]** _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party; and"
10._____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ __, 2018 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Charles Town

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1._____"quarterly/monthly financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"interim/additional financial information/operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

APPENDIX J

BOND INSURANCE

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Series 2018 B Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2018 B Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2018 B 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 and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. 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 Series 2018 B 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 Series 2018 B Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2018 B 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 Series 2018 B Bonds, nor does it guarantee that the rating on the Series 2018 B Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $524 million, $104.1 million and $419.9 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 Series 2018 B Bonds or the advisability of investing in the Series 2018 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".

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 Series 2018 B 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 Series 2018 B Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2018 B Bonds, whether at the initial offering or otherwise.

APPENDIX K

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.

SPECIMEN

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:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX L

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: ISSUER_NAME, STATE_NAME

Policy No:

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date:

BONDS: $_____ in aggregate principal amount of

,

Risk Premium: $_____

Member Surplus Contribution: $_____

Total Insurance Payment: $_____

Maximum 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

PROOF

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

$3,065,000
CITY OF CHRLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies this 18th day of December, 2018 and represents to Crews & Associates, Inc. (the "Underwriter") that he is the duly appointed and acting Mayor of the City of Charles Town (the "Issuer") authorized to execute and deliver this Certificate and further certifies on behalf of the Issuer to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Issuer's $3,065,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Series 2018 B Bonds").

(2) In connection with the offering and sale of the Series 2018 B Bonds, there has been prepared a Preliminary Official Statement dated December 12, 2018, setting forth information concerning the Series 2018 B Bonds and the Issuer of the Series 2018 B Bonds (the "Preliminary Official Statement").

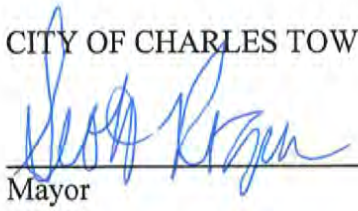
(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, the identity of the Underwriter and other terms of the Series 2018 B Bonds and any underlying obligations depending on such matters, all with respect to the Series 2018 B Bonds and any underlying obligations.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the day and year first written above.

CITY OF CHARLES TOWN



Mayor

$3,065,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)

BOND PURCHASE AGREEMENT

December 18, 2018

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 (this "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 2018 B (Bank Qualified) (the "Series 2018 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 and the Preliminary Official Statement of the City dated December 12, 2018 (the "Preliminary Official Statement").

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, 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 2018 B Bonds shall be used to: (i)(a) to acquire from the Jefferson County Public Service District (the "District") its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the "District Sewer System") and its potable water distribution and storage system assets and its water customers and service territory (collectively, the "District Water System" and, in combination with the District Sewer System, the "District Assets") by paying in full or defeasing the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds; and (b) to pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets; (ii) to fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2018 B Reserve Policy") from Build America Mutual Assurance Company (the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2018 B Insurance Policy") from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) to pay Costs of Issuance of the Series 2018 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 September 17, 2018 (the "Original Ordinance"), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on December 3, 2018 (the "Supplemental Parameters Resolution"), and a Certificate of Determinations, signed by the Mayor of the City, on December 18, 2018 (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 the Series 2018 B Bonds Sinking Fund and, with respect to the Series 2018 B Bonds Reserve Account therein, the Series 2018 B Reserve Policy pledged thereto, on parity with the Prior Bonds and the Series 2018 A Bonds.

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 2018 B Bonds, at an aggregate purchase price of $3,004,977.15 ($3,065,000 minus Underwriter's discount of $44,660.00 minus a original issue discount of $15,362.85).

The Series 2018 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 June 1, 2019, 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,

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 December 12, 2018, 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 December 27, 2018, 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 Purchaser 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 December 21, 2018. 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 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; and

(q) Any certificate signed by the Mayor of the City or any of the City's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the City contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the City, and that any obligation or liability of the City hereunder or under the Ordinance will be payable solely out of the Gross Revenues and other income, charges and moneys derived by the City from, or in connection with the System, nor shall any member, official or employee of the City be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the City made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Ordinance and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the City in writing of 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) the imposition of additional material restrictions not in force as of the date hereof upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the imposition by the New York Stock Exchange, other national securities exchange or any governmental authority of any material restrictions as to the Bonds or similar obligations not now in force, or increase 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 F 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 "Purpose and Plan of Financing," "The Series 2018 B Bonds," "Security for the Series 2018 B Bonds" (except for the statements referred to therein under "Appendix E - Book-Entry Only System" with respect to The Depository Trust Company), "Litigation," "Appendix F – Proposed Form of Opinion of Bond Counsel," and "Appendix H – Series 2018 B 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 August 6, 2018 and August 6, 2018, 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, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (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, (7) the statements contained in the Official Statement under the captions "Purpose and Plan of Financing," "The Combined Waterworks and Sewerage System," "Litigation," and "Continuing Disclosure," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein, and (8) the City has the power and authority to acquire the District Assets and assume, pay or defease the District's bonds;

(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, in the form acceptable to the Underwriter;

(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, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (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 "Purpose and Plan of Financing," "The Combined Waterworks and Sewerage System," and "Litigation," 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, including but not limited to acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (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, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (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 I 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 2018 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 and the Series 2018 A Bonds, if required, to the issuance of the Bonds on a parity with the Prior Bonds and the Series 2018 A Bonds;

(xvii) Evidence of the issuance of the Series 2018 B Insurance Policy from the Bond Insurer, and evidence of the issuance of the Series 2018 B Reserve Policy provided for the Series 2018 B Bonds Reserve Account from the Bond Insurer;

(xviii) Evidence of "AA" rating from S&P Global Ratings, based on the Series 2018 B Insurance Policy;

(xix) Evidence that the City has (1) entered into agreements for the acquisition of the District Assets; (2) provided required notices regarding the defeasing of the District 2010 A Bonds and the District 2013 A Bonds and payment in full of the District 2015 Bonds; (3) entered into a Prepayment Agreement with the West Virginia Municipal Bond Commission ("MBC") with respect to the defeasance of the District 2010 A Bonds and the District 2013 A Bonds; and (4) received a certificate of MBC relating to the defeasance of the District 2010 A Bonds and the District 2013 A Bonds;

(xx) an opinion dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Disclosure Counsel, to the effect that (1) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (2) 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;

(xxi) Evidence that the reserve funds for the Prior Bonds and the Series 2018 A Bonds are funded at the levels required therefor and that the Series 2018 B Bonds Reserve Account is fully funded with the Series 2018 B Reserve Policy;

(xxii) Consent from the Board's Accountants to use the Board's audit in the Preliminary Official Statement and Official Statement;

(xxiii) Consent from the City of Ranson's Accountants to use the City of Ranson's audit in the Preliminary Official Statement and Official Statement;

(xxiv) Consent from the Jefferson County Public Service District's Accountants to use the Jefferson County Public Service District's audit in the Preliminary Official Statement and Official Statement;

(xxv) an opinion dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that the liens of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds on the revenues pledged thereto have been defeased pursuant to the terms of the resolutions authorizing the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, respectively; and

(xxvi) 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 and Disclosure Counsel; (iv) all advertising expenses in connection with the public offering of the Bonds; (v) the fees and disbursements of the Registrar; (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; (x) the fees and disbursements of Hoy G. Shingleton, Jr., Esquire, Counsel to the Board; (xi) the fees and disbursements of the municipal advisor to the City, and (xii) 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. (a) The Underwriter agrees to assist the City in establishing the issue price of the Series 2018 B Bonds and shall execute, and deliver to the City at Closing, an "issue price" or similar certificate substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2018 B Bonds.

(b) The City will treat the first price at which 10% of each maturity of each series of the Series 2018 B Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) With respect to the maturities of the Series 2018 B Bonds for which the 10% test has not been satisfied, set forth on Schedule A of the attached Exhibit B, if any, the Underwriter agrees that the Underwriter will neither offer nor sell unsold Series 2018 B Bonds of such maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the Sale Date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2018 B Bonds to the public at a price that is no higher than the initial offering price to the public (the "Hold-the-Offering-Price Rule").

The Underwriter shall promptly advise the City when the Underwriter has sold 10% of that maturity of the Series 2018 B Bonds to the public at a price that is no higher than the initial offering price to the public if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

13. 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:

December 18, 2018 at 6:00 p.m.

City of Charles Town, West Virginia

By: _____
Its: Mayor

EXHIBIT A

$3,065,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price
06/01/2020	Serial Coupon	2.250%	2.250%	175,000.00	100.000%
06/01/2022	Term 1 Coupon	2.500%	2.500%	355,000.00	100.000%
06/01/2024	Term 2 Coupon	2.750%	2.750%	375,000.00	100.000%
06/01/2026	Term 3 Coupon	3.000%	3.050%	400,000.00	99.668%
06/01/2028	Term 4 Coupon	3.000%	3.160%	425,000.00	98.702%
06/01/2030	Term 5 Coupon	3.250%	3.310%	465,000.00	99.431%
06/01/2033	Term 6 Coupon	3.500%	3.560%	870,000.00	99.325%

Optional Redemption

The Series 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, 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 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached to the Official Statement.

Mandatory Sinking Fund Redemption

The Series 2018 B Bonds maturing June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030, and June 1, 2033, 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 2022

Year (June 1)	Principal Amount
2021	$175,000
2022**	$180,000

**Final maturity.

Bonds Maturing 2024

Year (June 1)	Principal Amount
2023	$185,000
2024**	$190,000

**Final maturity.

Bonds Maturing 2026

Year (June 1)	Principal Amount
2025	$195,000
2026**	$205,000

**Final maturity.

Bonds Maturing 2028

Year (June 1)	Principal Amount
2027	$210,000
2028**	$215,000

**Final maturity.

Bonds Maturing 2030

Year (June 1)	Principal Amount
2029	$220,000
2030**	$245,000

**Final maturity.

Bonds Maturing 2033

Year (June 1)	Principal Amount
2031	$260,000
2032	$290,000
2033**	$320,000

**Final maturity.

If less than all of the Series 2018 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 B

FORM OF ISSUE PRICE CERTIFICATE

CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2018 B (BANK QUALIFIED)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of CREWS & ASSOCIATES, INC. (the "Underwriter"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (collectively, the "Series 2018 B Bonds").

1. **Sale of the General Rule Maturities.** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of each series of the Series 2018 B Bonds was sold to the Public is the respective price listed in Schedule A.

2. **Initial Offering Price of the Hold-the-Offering-Price Maturities.**

(a) Select Maturities Use Hold-the-Offering-Price Rule: The Underwriter has offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2018 B Bonds is attached to this certificate as Schedule B.

(b) Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement the Underwriter has agreed in writing that for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Series 2018 B Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"). Pursuant to such agreement, no Underwriter has offered or sold any unsold Series 2018 B Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2018 B Bonds during the Holding Period.

3. **Defined Terms.**

(a) "General Rule Maturities" means those Maturities of the Series 2018 B Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) "Hold-the-Offering-Price Maturities" means those Maturities of the Series

2018 B Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) "Holding Period" means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 26, 2018), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) "Issuer" means The City of Charles Town, West Virginia.

(e) "Maturity" means Series 2018 B Bonds with the same credit and payment terms. Series 2018 B Bonds with different maturity dates, or Series 2018 B Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2018 B Bonds. The Sale Date of the Series 2018 B Bonds is December 18, 2018.

(h) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018 B Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2018 B Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2018 B Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2018 B Bonds, and by Steptoe & Johnson PLLC in connection with rendering its opinion that the interest on the Series 2018 B Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Series 2018 B Bonds.

[Remainder of page intentionally left blank.]

CREWS & ASSOCIATES, INC.

By:_____

Name:_____

Dated: December __, 2018

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

GENERAL RULE MATURITIES

HOLD-THE-OFFERING-PRICE MATURITIES

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

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 04/92

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.

EXHIBIT A

Bond Legislation

[See Transcript at Tabs 1 and 2]

FEE SCHEDULE

(On File with Issuer)

WEST VIRGINIA MUNICIPAL BOND COMMISSION **NEW ISSUE REPORT FORM**

900 Pennsylvania Avenue, Suite 1117, Charleston, WV 25302
Phone:(304) 558-3971 FAX: (304) 558-1280 **mbc.wv.gov**

Date of Report: 12/27/2018

ISSUE: City of Charles Town, Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (BQ)

ADDRESS: 101 E. Washington Street, Charles Town, WV 25414 COUNTY: Jefferson

PURPOSE OF ISSUE: x New Money

x Refunding Refunding issue(s) dated: 6/24/10 & 6/14/13

ISSUE DATE: December 27, 2018 RATE: VR ADMIN FEE NA

ISSUE AMOUNT: $3,065,000

1st DEBT SERVICE DUE: June 1, 2019 1st PRINCIPAL DUE: June 1, 2020

1st DEBT SERVICE AMOUNT: $ 39,970.49 PAYING AGENT: MBC

BOND COUNSEL: *Steptoe & Johnson PLLC*

Contact Name: John Stump, Esquire

Phone: 304.353.8196

Email: john.stump@steptoe-johnson.com

UNDERWRITERS COUNSEL: *Jackson Kelly PLLC*

Contact Name: Samme Gee

Phone: 304.340.1318

Email: sgee@jacksonkelly.com

CLOSING BANK: *United Bank*

Contact Name: Thomas Provenzano

Phone: 304.348.8356

Email: thomas.provenzano@bankwithunited.com

ESCROW TRUSTEE:

Contact Name:

Phone:

Email:

KNOWLEDGEABLE ISSUER CONTACT:

Contact Name: Kristen M. Stolipher

Title: Assistant Utility Manager

Phone: 304.724.7080

Email: kristen@charlestownutilities.us

OTHER: *Crews & Associates, Inc.*

Contact Name: Greg Isaacs

Title: Senior Managing Director

Phone: 304.344.1733

Email: gisaacs@crewsfs.com

DEPOSITS TO MBC AT CLOSE: $1,999,728.31

By: Wire x

Check

In-house Transfer

Accrued Interest:

Capitalized Interest:

Reserve Account:

Other: 2010 & 2013 Redemption Accounts

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By: Wire

Check

IGT x

To Escrow Trustee:

To Issuer:

To Cons.Invest Fund:

To Other: 2010 & 2013 Redemption Accounts

ISSUER NUMBERS:

BANK ID NUMBER:

CUSIP:

ACCOUNT NUMBER:

PROGRAM NUMBER:

NOTES: Series 2018 B Bonds Reserve Account will be funded with a Surety Bond

FOR MUNIICPAL BOND COMMISSION USE ONLY:

Documents Required:

Transfers Required:

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Sources & Uses

Dated 12/27/2018 | Delivered 12/27/2018

Sources Of Funds	
Par Amount of Bonds	$3,065,000.00
Transfers from Prior Issue Debt Service Funds	117,333.83
Transfers from Prior Issue DSR Funds	304,207.80
Total Sources	**$3,486,541.63**

Uses Of Funds	
Original Issue Discount (OID)	15,362.85
Total Underwriter's Discount (1.457%)	44,660.00
Costs of Issuance	179,565.59
Gross Bond Insurance Premium (50.0 bp)	19,606.35
Surety Bond	9,961.25
Discharge Series 2010 A Bonds ✓	1,220,059.88
Discharge Series 2013 A Bonds ✓	1,195,496.39
Discharge Series 2015 Bank Loan	551,829.32
System Acquisition Expenses	250,000.00
Total Uses	**$3,486,541.63**

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Detail Costs Of Issuance

Dated 12/27/2018 | Delivered 12/27/2018

COSTS OF ISSUANCE DETAIL

Financial Advisor	$45,975.00
Bond Counsel	$50,000.00
Disclosure Counsel	$20,000.00
Underwriters Counsel	$35,000.00
Disclosure Agent (DAC)	$5,000.00
Bond Registrar	$750.00
External Auditor	$5,000.00
Municipal Bond Commission	$2,000.00
MBC Fees - 2010A	$1,755.77
MBC Fees - 2013A	$1,957.90
Contingency	$12,126.92
TOTAL	**$179,565.59**

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
06/01/2020	Serial Coupon	2.250%	2.250%	175,000.00	100.000%	175,000.00
06/01/2022	Term 1 Coupon	2.500%	2.500%	355,000.00	100.000%	355,000.00
06/01/2024	Term 2 Coupon	2.750%	2.750%	375,000.00	100.000%	375,000.00
06/01/2026	Term 3 Coupon	3.000%	3.050%	400,000.00	99.668%	398,672.00
06/01/2028	Term 4 Coupon	3.000%	3.160%	425,000.00	98.702%	419,483.50
06/01/2030	Term 5 Coupon	3.250%	3.310%	465,000.00	99.431%	462,354.15
06/01/2033	Term 6 Coupon	3.500%	3.560%	870,000.00	99.325%	864,127.50
Total	-	-	-	**$3,065,000.00**	-	**$3,049,637.15**

Bid Information

Par Amount of Bonds	$3,065,000.00
Reoffering Premium or (Discount)	(15,362.85)
Gross Production	$3,049,637.15
Total Underwriter's Discount (1.457%)	$(44,660.00)
Bid (98.042%)	3,004,977.15
Total Purchase Price	$3,004,977.15
Bond Year Dollars	$26,551.14
Average Life	8.663 Years
Average Coupon	3.2249859%
Net Interest Cost (NIC)	3.4510510%
True Interest Cost (TIC)	3.4804025%

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Summary Of Underwriter's Discount

Maturity	Concession	+ Takedown	= Total	Issuance Value	Total Takedown
06/01/2020	-	1.400%	1.400%	175,000.00	2,450.00
06/01/2022	-	1.400%	1.400%	355,000.00	4,970.00
06/01/2024	-	1.400%	1.400%	375,000.00	5,250.00
06/01/2026	-	1.400%	1.400%	400,000.00	5,600.00
06/01/2028	-	1.400%	1.400%	425,000.00	5,950.00
06/01/2030	-	1.400%	1.400%	465,000.00	6,510.00
06/01/2033	-	1.400%	1.400%	870,000.00	12,180.00
Total	-	-	-	**$3,065,000.00**	**$42,910.00**

Underwriting & Issuance Expenses

Total Average Takedown (1.400%)	$42,910.00
Total Underwriters Expenses (0.057%)	$1,750.00
TOTAL UNDERWRITING SPREAD (1.457%)	$44,660.00

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2019	-	-	39,970.49	39,970.49
12/01/2019	-	-	46,718.75	46,718.75
06/01/2020	175,000.00	2.250%	46,718.75	221,718.75
12/01/2020	-	-	44,750.00	44,750.00
06/01/2021	175,000.00	2.500%	44,750.00	219,750.00
12/01/2021	-	-	42,562.50	42,562.50
06/01/2022	180,000.00	2.500%	42,562.50	222,562.50
12/01/2022	-	-	40,312.50	40,312.50
06/01/2023	185,000.00	2.750%	40,312.50	225,312.50
12/01/2023	-	-	37,768.75	37,768.75
06/01/2024	190,000.00	2.750%	37,768.75	227,768.75
12/01/2024	-	-	35,156.25	35,156.25
06/01/2025	195,000.00	3.000%	35,156.25	230,156.25
12/01/2025	-	-	32,231.25	32,231.25
06/01/2026	205,000.00	3.000%	32,231.25	237,231.25
12/01/2026	-	-	29,156.25	29,156.25
06/01/2027	210,000.00	3.000%	29,156.25	239,156.25
12/01/2027	-	-	26,006.25	26,006.25
06/01/2028	215,000.00	3.000%	26,006.25	241,006.25
12/01/2028	-	-	22,781.25	22,781.25
06/01/2029	220,000.00	3.250%	22,781.25	242,781.25
12/01/2029	-	-	19,206.25	19,206.25
06/01/2030	245,000.00	3.250%	19,206.25	264,206.25
12/01/2030	-	-	15,225.00	15,225.00
06/01/2031	260,000.00	3.500%	15,225.00	275,225.00
12/01/2031	-	-	10,675.00	10,675.00
06/01/2032	290,000.00	3.500%	10,675.00	300,675.00
12/01/2032	-	-	5,600.00	5,600.00
06/01/2033	320,000.00	3.500%	5,600.00	325,600.00
Total	**$3,065,000.00**	**-**	**$856,270.49**	**$3,921,270.49**

Yield Statistics

Bond Year Dollars	$26,551.14
Average Life	8.663 Years
Average Coupon	3.2249859%
Net Interest Cost (NIC)	3.4510510%
True Interest Cost (TIC)	3.4804025%
Bond Yield for Arbitrage Purposes	3.4117061%
All Inclusive Cost (AIC)	4.4844900%

IRS Form 8038

Net Interest Cost	3.3035941%
Weighted Average Maturity	8.652 Years

Compass Municipal Advisors, LLC
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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Term Yields by Sinking Fund Dates for Term 1

Term Sinking Date		Maturity Value		Yield
06/01/2021		175,000.00		2.5004067%
06/01/2022		180,000.00		2.5002912%
Total	-	**$355,000.00**	-	-

Term Summary	
Total Par	355,000.00
Coupon	2.500%
Yield	2.500%
Price	100.000%

Compass Municipal Advisors, LLC
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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

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(BAM/Non-Rated - Bank Qualifed)

Term Yields by Sinking Fund Dates for Term 2

Term Sinking Date		Maturity Value		Yield
06/01/2023		185,000.00		2.7502774%
06/01/2024		190,000.00		2.7502294%
Total	-	**$375,000.00**	-	-

Term Summary

Total Par	375,000.00
Coupon	2.750%
Yield	2.750%
Price	100.000%

Compass Municipal Advisors, LLC
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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

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(BAM/Non-Rated - Bank Qualifed)

Term Yields by Sinking Fund Dates for Term 3

Term Sinking Date	Maturity Value	Discount	Yield
06/01/2025	195,000.00	(647.40)	3.0575249%
06/01/2026	205,000.00	(680.60)	3.0505005%
Total	**$400,000.00**	**(1,328.00)**	-

Term Summary	
Total Par	400,000.00
Coupon	3.000%
Yield	3.050%
Price	99.668%

Compass Municipal Advisors, LLC
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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

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(BAM/Non-Rated - Bank Qualifed)

Term Yields by Sinking Fund Dates for Term 4

Term Sinking Date	Maturity Value	Discount	Yield
06/01/2027	210,000.00	(2,725.80)	3.1769614%
06/01/2028	215,000.00	(2,790.70)	3.1604614%
Total	**$425,000.00**	**(5,516.50)**	-

Term Summary	
Total Par	425,000.00
Coupon	3.000%
Yield	3.160%
Price	98.702%

Compass Municipal Advisors, LLC
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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Term Yields by Sinking Fund Dates for Term 5

Term Sinking Date	Maturity Value	Discount	Yield
06/01/2029	220,000.00	(1,251.80)	3.3151726%
06/01/2030	245,000.00	(1,394.05)	3.3103798%
Total	**$465,000.00**	**(2,645.85)**	-

Term Summary	
Total Par	465,000.00
Coupon	3.250%
Yield	3.310%
Price	99.431%

Compass Municipal Advisors, LLC
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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Term Yields by Sinking Fund Dates for Term 6

Term Sinking Date	Maturity Value	Discount	Yield
06/01/2031	260,000.00	(1,755.00)	3.5679072%
06/01/2032	290,000.00	(1,957.50)	3.5638686%
06/01/2033	320,000.00	(2,160.00)	3.5603997%
Total	**$870,000.00**	**(5,872.50)**	-

Term Summary	
Total Par	870,000.00
Coupon	3.500%
Yield	3.560%
Price	99.325%

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	Old D/S	Savings
06/30/2019	-	-	39,970.49	39,970.49	174,492.27	134,521.78
06/30/2020	175,000.00	2.250%	93,437.50	268,437.50	349,109.55	80,672.05
06/30/2021	175,000.00	2.500%	89,500.00	264,500.00	351,984.54	87,484.54
06/30/2022	180,000.00	2.500%	85,125.00	265,125.00	349,109.53	83,984.53
06/30/2023	185,000.00	2.750%	80,625.00	265,625.00	346,079.55	80,454.55
06/30/2024	190,000.00	2.750%	75,537.50	265,537.50	347,729.53	82,192.03
06/30/2025	195,000.00	3.000%	70,312.50	265,312.50	348,247.05	82,934.55
06/30/2026	205,000.00	3.000%	64,462.50	269,462.50	348,200.17	78,737.67
06/30/2027	210,000.00	3.000%	58,312.50	268,312.50	352,637.67	84,325.17
06/30/2028	215,000.00	3.000%	52,012.50	267,012.50	351,222.06	84,209.56
06/30/2029	220,000.00	3.250%	45,562.50	265,562.50	204,387.66	(61,174.84)
06/30/2030	245,000.00	3.250%	38,412.50	283,412.50	56,215.80	(227,196.70)
06/30/2031	260,000.00	3.500%	30,450.00	290,450.00	23,423.24	(267,026.76)
06/30/2032	290,000.00	3.500%	21,350.00	311,350.00	-	(311,350.00)
06/30/2033	320,000.00	3.500%	11,200.00	331,200.00	-	(331,200.00)
Total	**$3,065,000.00**	**-**	**$856,270.49**	**$3,921,270.49**	**$3,602,838.62**	**(318,431.87)**

PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	11,800.72
Transfers from Prior Issue Debt Service Fund	(117,333.83)
Transfers from Prior Issue DSR Fund	(304,207.80)
Amount deposited into Construction Fund	250,000.00
Net Present Value Loss	$(159,740.91)
Net PV Loss / $2,945,430 Refunded Principal	(5.423%)
Net PV Loss / $3,065,000 Refunding Principal	(5.212%)

Refunding Bond Information

Refunding Dated Date	12/27/2018
Refunding Delivery Date	12/27/2018

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2019	39,970.49	39,970.49	174,492.27	134,521.78
06/30/2020	268,437.50	268,437.50	349,109.55	80,672.05
06/30/2021	264,500.00	264,500.00	351,984.54	87,484.54
06/30/2022	265,125.00	265,125.00	349,109.53	83,984.53
06/30/2023	265,625.00	265,625.00	346,079.55	80,454.55
06/30/2024	265,537.50	265,537.50	347,729.53	82,192.03
06/30/2025	265,312.50	265,312.50	348,247.05	82,934.55
06/30/2026	269,462.50	269,462.50	348,200.17	78,737.67
06/30/2027	268,312.50	268,312.50	352,637.67	84,325.17
06/30/2028	267,012.50	267,012.50	205,222.06	(61,790.44)
06/30/2029	265,562.50	265,562.50	50,531.66	(215,030.84)
06/30/2030	283,412.50	283,412.50	56,215.80	(227,196.70)
06/30/2031	290,450.00	290,450.00	23,423.24	(267,026.76)
06/30/2032	311,350.00	311,350.00	-	(311,350.00)
06/30/2033	331,200.00	331,200.00	-	(331,200.00)
Total	**$3,921,270.49**	**$3,921,270.49**	**$3,302,982.62**	**(618,287.87)**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	11,800.72
Effects of changes in DSR investments	(216,717.97)
Net PV Cashflow Savings @ 3.412%(Bond Yield)	(204,917.26)
Transfers from Prior Issue Debt Service Fund	(117,333.83)
Amount deposited into Construction Fund	250,000.00
Net Present Value Loss	$(72,251.09)
Net PV Loss / $2,945,430 Refunded Principal	(2.453%)
Net PV Loss / $3,065,000 Refunding Principal	(2.357%)

Refunding Bond Information

Refunding Dated Date	12/27/2018
Refunding Delivery Date	12/27/2018

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Proof of Reserve Fund Requirement

Date	Principal	Interest	TOTAL P+I
06/30/2019	-	39,970.49	39,970.49
06/30/2020	175,000.00	93,437.50	268,437.50
06/30/2021	175,000.00	89,500.00	264,500.00
06/30/2022	180,000.00	85,125.00	265,125.00
06/30/2023	185,000.00	80,625.00	265,625.00
06/30/2024	190,000.00	75,537.50	265,537.50
06/30/2025	195,000.00	70,312.50	265,312.50
06/30/2026	205,000.00	64,462.50	269,462.50
06/30/2027	210,000.00	58,312.50	268,312.50
06/30/2028	215,000.00	52,012.50	267,012.50
06/30/2029	220,000.00	45,562.50	265,562.50
06/30/2030	245,000.00	38,412.50	283,412.50
06/30/2031	260,000.00	30,450.00	290,450.00
06/30/2032	290,000.00	21,350.00	311,350.00
06/30/2033	320,000.00	11,200.00	331,200.00
Total	**$3,065,000.00**	**$856,270.49**	**$3,921,270.49**

PROOF OF RESERVE FUND

MAXIMUM PERIODIC DEBT SERVICE

100 % of the Maximum Periodic Debt Service	331,200.00

AVERAGE PERIODIC DEBT SERVICE

Total P+I	3,921,270.49
Bond Years (Delivery Date)	14.43
125 % of the Average Periodic Debt Service	339,732.71

PERCENT OF PAR

10 % of Par	306,500.00

RESERVE REQUIREMENT

Computed Requirement	306,500.00
Proof's Requirement	306,500.00

Compass Municipal Advisors, LLC
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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Proof of Bond Yield @ 3.4117061%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/27/2018	-	1.0000000x	-	-
06/01/2019	39,970.49	0.9856328x	39,396.22	39,396.22
12/01/2019	46,718.75	0.9691013x	45,275.20	84,671.43
06/01/2020	221,718.75	0.9528472x	211,264.08	295,935.51
12/01/2020	44,750.00	0.9368656x	41,924.74	337,860.24
06/01/2021	219,750.00	0.9211521x	202,423.17	540,283.42
12/01/2021	42,562.50	0.9057022x	38,548.95	578,832.37
06/01/2022	222,562.50	0.8905113x	198,194.43	777,026.79
12/01/2022	40,312.50	0.8755753x	35,296.63	812,323.42
06/01/2023	225,312.50	0.8608898x	193,969.23	1,006,292.66
12/01/2023	37,768.75	0.8464506x	31,969.38	1,038,262.04
06/01/2024	227,768.75	0.8322536x	189,561.36	1,227,823.39
12/01/2024	35,156.25	0.8182947x	28,768.17	1,256,591.56
06/01/2025	230,156.25	0.8045699x	185,176.79	1,441,768.35
12/01/2025	32,231.25	0.7910753x	25,497.35	1,467,265.70
06/01/2026	237,231.25	0.7778071x	184,520.14	1,651,785.84
12/01/2026	29,156.25	0.7647614x	22,297.57	1,674,083.41
06/01/2027	239,156.25	0.7519345x	179,829.82	1,853,913.24
12/01/2027	26,006.25	0.7393227x	19,227.01	1,873,140.25
06/01/2028	241,006.25	0.7269225x	175,192.86	2,048,333.10
12/01/2028	22,781.25	0.7147302x	16,282.45	2,064,615.55
06/01/2029	242,781.25	0.7027425x	170,612.69	2,235,228.25
12/01/2029	19,206.25	0.6909558x	13,270.67	2,248,498.92
06/01/2030	264,206.25	0.6793668x	179,492.95	2,427,991.87
12/01/2030	15,225.00	0.6679722x	10,169.88	2,438,161.74
06/01/2031	275,225.00	0.6567686x	180,759.15	2,618,920.89
12/01/2031	10,675.00	0.6457530x	6,893.41	2,625,814.31
06/01/2032	300,675.00	0.6349222x	190,905.23	2,816,719.54
12/01/2032	5,600.00	0.6242730x	3,495.93	2,820,215.47
06/01/2033	325,600.00	0.6138025x	199,854.08	3,020,069.55
Total	**$3,921,270.49**	-	**$3,020,069.55**	-

Derivation Of Target Amount

Par Amount of Bonds	$3,065,000.00
Reoffering Premium or (Discount)	(15,362.85)
Bond Insurance Premium..... (50.0 bp)	(19,606.35)
Other Credit Enhancement Fees	(9,961.25)
Original Issue Proceeds	$3,020,069.55

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
12/27/2018	-	-	-	-	-	-
06/01/2020	175,000.00	2.250%	100.000%	175,000.00	1.4277778x	249,861.11
06/01/2021	175,000.00	2.500%	100.000%	175,000.00	2.4277778x	424,861.11
06/01/2022	180,000.00	2.500%	100.000%	180,000.00	3.4277778x	617,000.00
06/01/2023	185,000.00	2.750%	100.000%	185,000.00	4.4277778x	819,138.89
06/01/2024	190,000.00	2.750%	100.000%	190,000.00	5.4277778x	1,031,277.78
06/01/2025	195,000.00	3.000%	99.668%	194,352.60	6.4277778x	1,249,255.32
06/01/2026	205,000.00	3.000%	99.668%	204,319.40	7.4277778x	1,517,639.10
06/01/2027	210,000.00	3.000%	98.702%	207,274.20	8.4277778x	1,746,860.90
06/01/2028	215,000.00	3.000%	98.702%	212,209.30	9.4277778x	2,000,662.12
06/01/2029	220,000.00	3.250%	99.431%	218,748.20	10.4277778x	2,281,057.62
06/01/2030	245,000.00	3.250%	99.431%	243,605.95	11.4277778x	2,783,874.66
06/01/2031	260,000.00	3.500%	99.325%	258,245.00	12.4277778x	3,209,411.47
06/01/2032	290,000.00	3.500%	99.325%	288,042.50	13.4277778x	3,867,770.68
06/01/2033	320,000.00	3.500%	99.325%	317,840.00	14.4277778x	4,585,724.89
Total	**$3,065,000.00**	-	-	**$3,049,637.15**	-	**$26,384,395.65**

Description of Bonds	
Final Maturity Date	6/01/2033
Issue price of entire issue	3,049,637.15
Stated Redemption at Maturity	3,065,000.00
Weighted Average Maturity = Bond Years/Issue Price	8.652 Years
Bond Yield for Arbitrage Purposes	3.4117061%

Uses of Proceeds of Issue	
Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	224,225.59
Proceeds used for credit enhancement	(29,567.60)
Proceeds allocated to reasonably required reserve or replacement fund	-

Description of Refunded Bonds	
Proceeds used to currently refund prior issue	2,967,385.59
Proceeds used to advance refund prior issue	-
Remaining weighted average maturity of the bonds to be currently refunded	5.588 Years
Remaining weighted average maturity of the bonds to be advance refunded	-
Last date on which the refunded bonds will be called	1/18/2019

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Form 8038 Refunded Bonds

Date	Type of Bond	Coupon	FV Principal	Price	Issue Price
JCPSD 2010A					
10/01/2019	Term 3 Coupon	3.750%	100,000.00	100.000%	100,000.00
10/01/2020	Term 4 Coupon	4.000%	105,000.00	100.000%	105,000.00
10/01/2021	Term 4 Coupon	4.000%	110,000.00	100.000%	110,000.00
10/01/2022	Term 5 Coupon	4.100%	110,000.00	100.000%	110,000.00
10/01/2023	Term 5 Coupon	4.100%	115,000.00	100.000%	115,000.00
10/01/2024	Term 6 Coupon	4.375%	120,000.00	100.000%	120,000.00
10/01/2025	Term 6 Coupon	4.375%	125,000.00	100.000%	125,000.00
10/01/2026	Term 7 Coupon	4.375%	135,000.00	100.000%	135,000.00
10/01/2027	Term 7 Coupon	4.375%	140,000.00	100.000%	140,000.00
10/01/2028	Term 7 Coupon	4.375%	145,000.00	100.000%	145,000.00
Subtotal		-	**$1,205,000.00**	-	**$1,205,000.00**
-		-	-	-	-
JCPSD 2013A					
06/01/2019	Term 2 Coupon	3.000%	100,000.00	100.000%	100,000.00
06/01/2020	Term 2 Coupon	3.000%	105,000.00	100.000%	105,000.00
06/01/2021	Term 3 Coupon	3.250%	110,000.00	100.000%	110,000.00
06/01/2022	Term 3 Coupon	3.250%	110,000.00	100.000%	110,000.00
06/01/2023	Term 3 Coupon	3.250%	115,000.00	100.000%	115,000.00
06/01/2024	Term 4 Coupon	3.750%	120,000.00	100.000%	120,000.00
06/01/2025	Term 4 Coupon	3.750%	125,000.00	100.000%	125,000.00
06/01/2026	Term 4 Coupon	3.750%	130,000.00	100.000%	130,000.00
06/01/2027	Term 5 Coupon	4.000%	135,000.00	100.000%	135,000.00
06/01/2028	Term 5 Coupon	4.000%	140,000.00	100.000%	140,000.00
Subtotal		-	**$1,190,000.00**	-	**$1,190,000.00**
-		-	-	-	-
JCPSD 2015 RF					
01/01/2019	Serial Coupon	3.390%	3,077.85	100.000%	3,077.85
02/01/2019	Serial Coupon	3.390%	3,138.38	100.000%	3,138.38
03/01/2019	Serial Coupon	3.390%	3,147.24	100.000%	3,147.24
04/01/2019	Serial Coupon	3.390%	3,156.14	100.000%	3,156.14
05/01/2019	Serial Coupon	3.390%	3,165.05	100.000%	3,165.05
06/01/2019	Serial Coupon	3.390%	3,173.99	100.000%	3,173.99
07/01/2019	Serial Coupon	3.390%	3,182.96	100.000%	3,182.96
08/01/2019	Serial Coupon	3.390%	3,191.95	100.000%	3,191.95
09/01/2019	Serial Coupon	3.390%	3,200.97	100.000%	3,200.97
10/01/2019	Serial Coupon	3.390%	3,210.01	100.000%	3,210.01
11/01/2019	Serial Coupon	3.390%	3,219.08	100.000%	3,219.08
12/01/2019	Serial Coupon	3.390%	3,228.17	100.000%	3,228.17
01/01/2020	Serial Coupon	3.390%	3,237.29	100.000%	3,237.29
02/01/2020	Serial Coupon	3.390%	3,246.44	100.000%	3,246.44
03/01/2020	Serial Coupon	3.390%	3,255.61	100.000%	3,255.61
04/01/2020	Serial Coupon	3.390%	3,264.81	100.000%	3,264.81
05/01/2020	Serial Coupon	3.390%	3,274.03	100.000%	3,274.03

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Form 8038 Refunded Bonds

Date	Type of Bond	Coupon	FV Principal	Price	Issue Price
06/01/2020	Serial Coupon	3.390%	3,283.28	100.000%	3,283.28
07/01/2020	Serial Coupon	3.390%	3,292.55	100.000%	3,292.55
08/01/2020	Serial Coupon	3.390%	3,301.86	100.000%	3,301.86
09/01/2020	Serial Coupon	3.390%	3,311.18	100.000%	3,311.18
10/01/2020	Serial Coupon	3.390%	3,320.54	100.000%	3,320.54
11/01/2020	Serial Coupon	3.390%	3,329.92	100.000%	3,329.92
12/01/2020	Serial Coupon	3.390%	3,339.33	100.000%	3,339.33
01/01/2021	Serial Coupon	3.390%	3,348.76	100.000%	3,348.76
02/01/2021	Serial Coupon	3.390%	3,358.22	100.000%	3,358.22
03/01/2021	Serial Coupon	3.390%	3,367.71	100.000%	3,367.71
04/01/2021	Serial Coupon	3.390%	3,377.22	100.000%	3,377.22
05/01/2021	Serial Coupon	3.390%	3,386.76	100.000%	3,386.76
06/01/2021	Serial Coupon	3.390%	3,396.33	100.000%	3,396.33
07/01/2021	Serial Coupon	3.390%	3,405.92	100.000%	3,405.92
08/01/2021	Serial Coupon	3.390%	3,415.54	100.000%	3,415.54
09/01/2021	Serial Coupon	3.390%	3,425.19	100.000%	3,425.19
10/01/2021	Serial Coupon	3.390%	3,434.87	100.000%	3,434.87
11/01/2021	Serial Coupon	3.390%	3,444.57	100.000%	3,444.57
12/01/2021	Serial Coupon	3.390%	3,454.30	100.000%	3,454.30
01/01/2022	Serial Coupon	3.390%	3,464.06	100.000%	3,464.06
02/01/2022	Serial Coupon	3.390%	3,473.85	100.000%	3,473.85
03/01/2022	Serial Coupon	3.390%	3,483.66	100.000%	3,483.66
04/01/2022	Serial Coupon	3.390%	3,493.50	100.000%	3,493.50
05/01/2022	Serial Coupon	3.390%	3,503.37	100.000%	3,503.37
06/01/2022	Serial Coupon	3.390%	3,513.27	100.000%	3,513.27
07/01/2022	Serial Coupon	3.390%	3,523.19	100.000%	3,523.19
08/01/2022	Serial Coupon	3.390%	3,533.15	100.000%	3,533.15
09/01/2022	Serial Coupon	3.390%	3,543.13	100.000%	3,543.13
10/01/2022	Serial Coupon	3.390%	3,553.14	100.000%	3,553.14
11/01/2022	Serial Coupon	3.390%	3,563.18	100.000%	3,563.18
12/01/2022	Serial Coupon	3.390%	3,573.24	100.000%	3,573.24
01/01/2023	Serial Coupon	3.390%	3,583.34	100.000%	3,583.34
02/01/2023	Serial Coupon	3.390%	3,593.46	100.000%	3,593.46
03/01/2023	Serial Coupon	3.390%	3,603.61	100.000%	3,603.61
04/01/2023	Serial Coupon	3.390%	3,613.79	100.000%	3,613.79
05/01/2023	Serial Coupon	3.390%	3,624.00	100.000%	3,624.00
06/01/2023	Serial Coupon	3.390%	3,634.24	100.000%	3,634.24
07/01/2023	Serial Coupon	3.390%	3,644.50	100.000%	3,644.50
08/01/2023	Serial Coupon	3.390%	3,654.80	100.000%	3,654.80
09/01/2023	Serial Coupon	3.390%	3,665.12	100.000%	3,665.12
10/01/2023	Serial Coupon	3.390%	3,675.48	100.000%	3,675.48
11/01/2023	Serial Coupon	3.390%	3,685.86	100.000%	3,685.86
12/01/2023	Serial Coupon	3.390%	3,696.27	100.000%	3,696.27
01/01/2024	Serial Coupon	3.390%	3,706.72	100.000%	3,706.72

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City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Form 8038 Refunded Bonds

Date	Type of Bond	Coupon	FV Principal	Price	Issue Price
02/01/2024	Serial Coupon	3.390%	3,717.19	100.000%	3,717.19
03/01/2024	Serial Coupon	3.390%	3,727.69	100.000%	3,727.69
04/01/2024	Serial Coupon	3.390%	3,738.22	100.000%	3,738.22
05/01/2024	Serial Coupon	3.390%	3,748.78	100.000%	3,748.78
06/01/2024	Serial Coupon	3.390%	3,759.37	100.000%	3,759.37
07/01/2024	Serial Coupon	3.390%	3,769.99	100.000%	3,769.99
08/01/2024	Serial Coupon	3.390%	3,780.64	100.000%	3,780.64
09/01/2024	Serial Coupon	3.390%	3,791.32	100.000%	3,791.32
10/01/2024	Serial Coupon	3.390%	3,802.03	100.000%	3,802.03
11/01/2024	Serial Coupon	3.390%	3,812.77	100.000%	3,812.77
12/01/2024	Serial Coupon	3.390%	3,823.54	100.000%	3,823.54
01/01/2025	Serial Coupon	3.390%	3,834.35	100.000%	3,834.35
02/01/2025	Serial Coupon	3.390%	3,845.18	100.000%	3,845.18
03/01/2025	Serial Coupon	3.390%	3,856.04	100.000%	3,856.04
04/01/2025	Serial Coupon	3.390%	3,866.93	100.000%	3,866.93
05/01/2025	Serial Coupon	3.390%	3,877.86	100.000%	3,877.86
06/01/2025	Serial Coupon	3.390%	3,888.81	100.000%	3,888.81
07/01/2025	Serial Coupon	3.390%	3,899.80	100.000%	3,899.80
08/01/2025	Serial Coupon	3.390%	3,910.82	100.000%	3,910.82
09/01/2025	Serial Coupon	3.390%	3,921.86	100.000%	3,921.86
10/01/2025	Serial Coupon	3.390%	3,932.94	100.000%	3,932.94
11/01/2025	Serial Coupon	3.390%	3,944.05	100.000%	3,944.05
12/01/2025	Serial Coupon	3.390%	3,955.19	100.000%	3,955.19
01/01/2026	Serial Coupon	3.390%	3,966.37	100.000%	3,966.37
02/01/2026	Serial Coupon	3.390%	3,977.57	100.000%	3,977.57
03/01/2026	Serial Coupon	3.390%	3,988.81	100.000%	3,988.81
04/01/2026	Serial Coupon	3.390%	4,000.08	100.000%	4,000.08
05/01/2026	Serial Coupon	3.390%	4,011.38	100.000%	4,011.38
06/01/2026	Serial Coupon	3.390%	4,022.71	100.000%	4,022.71
07/01/2026	Serial Coupon	3.390%	4,034.07	100.000%	4,034.07
08/01/2026	Serial Coupon	3.390%	4,045.47	100.000%	4,045.47
09/01/2026	Serial Coupon	3.390%	4,056.90	100.000%	4,056.90
10/01/2026	Serial Coupon	3.390%	4,068.36	100.000%	4,068.36
11/01/2026	Serial Coupon	3.390%	4,079.85	100.000%	4,079.85
12/01/2026	Serial Coupon	3.390%	4,091.38	100.000%	4,091.38
01/01/2027	Serial Coupon	3.390%	4,102.94	100.000%	4,102.94
02/01/2027	Serial Coupon	3.390%	4,114.53	100.000%	4,114.53
03/01/2027	Serial Coupon	3.390%	4,126.15	100.000%	4,126.15
04/01/2027	Serial Coupon	3.390%	4,137.81	100.000%	4,137.81
05/01/2027	Serial Coupon	3.390%	4,149.50	100.000%	4,149.50
06/01/2027	Serial Coupon	3.390%	4,161.22	100.000%	4,161.22
07/01/2027	Serial Coupon	3.390%	4,172.98	100.000%	4,172.98
08/01/2027	Serial Coupon	3.390%	4,184.76	100.000%	4,184.76
09/01/2027	Serial Coupon	3.390%	4,196.59	100.000%	4,196.59

Compass Municipal Advisors, LLC
BNurick - Public Finance

City of Charles Town, West Virginia

Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2018 B

FINAL: Priced by Crews & Associates on 12.18.18.- Delivery on 12.27.18

(BAM/Non-Rated - Bank Qualifed)

Form 8038 Refunded Bonds

Date	Type of Bond	Coupon	FV Principal	Price	Issue Price
10/01/2027	Serial Coupon	3.390%	4,208.44	100.000%	4,208.44
11/01/2027	Serial Coupon	3.390%	4,220.33	100.000%	4,220.33
12/01/2027	Serial Coupon	3.390%	4,232.25	100.000%	4,232.25
01/01/2028	Serial Coupon	3.390%	4,244.21	100.000%	4,244.21
02/01/2028	Serial Coupon	3.390%	4,256.20	100.000%	4,256.20
03/01/2028	Serial Coupon	3.390%	4,268.22	100.000%	4,268.22
04/01/2028	Serial Coupon	3.390%	4,280.28	100.000%	4,280.28
05/01/2028	Serial Coupon	3.390%	4,292.37	100.000%	4,292.37
06/01/2028	Serial Coupon	3.390%	4,304.50	100.000%	4,304.50
07/01/2028	Serial Coupon	3.390%	4,316.66	100.000%	4,316.66
08/01/2028	Serial Coupon	3.390%	4,328.85	100.000%	4,328.85
09/01/2028	Serial Coupon	3.390%	4,341.08	100.000%	4,341.08
10/01/2028	Serial Coupon	3.390%	4,353.35	100.000%	4,353.35
11/01/2028	Serial Coupon	3.390%	4,365.64	100.000%	4,365.64
12/01/2028	Serial Coupon	3.390%	4,377.98	100.000%	4,377.98
01/01/2029	Serial Coupon	3.390%	4,390.34	100.000%	4,390.34
02/01/2029	Serial Coupon	3.390%	4,402.75	100.000%	4,402.75
03/01/2029	Serial Coupon	3.390%	4,415.18	100.000%	4,415.18
04/01/2029	Serial Coupon	3.390%	4,427.66	100.000%	4,427.66
05/01/2029	Serial Coupon	3.390%	4,440.17	100.000%	4,440.17
06/01/2029	Serial Coupon	3.390%	4,452.71	100.000%	4,452.71
07/01/2029	Serial Coupon	3.390%	4,465.29	100.000%	4,465.29
08/01/2029	Serial Coupon	3.390%	4,477.90	100.000%	4,477.90
09/01/2029	Serial Coupon	3.390%	4,490.55	100.000%	4,490.55
10/01/2029	Serial Coupon	3.390%	4,503.24	100.000%	4,503.24
11/01/2029	Serial Coupon	3.390%	4,515.96	100.000%	4,515.96
12/01/2029	Serial Coupon	3.390%	4,528.72	100.000%	4,528.72
01/01/2030	Serial Coupon	3.390%	4,541.51	100.000%	4,541.51
02/01/2030	Serial Coupon	3.390%	4,554.34	99.999%	4,554.29
03/01/2030	Serial Coupon	3.390%	4,567.21	99.999%	4,567.16
04/01/2030	Serial Coupon	3.390%	4,580.11	99.999%	4,580.06
05/01/2030	Serial Coupon	3.390%	4,593.05	99.999%	4,593.00
06/01/2030	Serial Coupon	3.390%	4,606.02	99.999%	4,605.97
07/01/2030	Serial Coupon	3.390%	4,619.04	99.999%	4,618.99
08/01/2030	Serial Coupon	3.390%	4,632.08	99.999%	4,632.03
09/01/2030	Serial Coupon	3.390%	4,645.17	99.999%	4,645.12
10/01/2030	Serial Coupon	3.390%	4,658.29	99.999%	4,658.24
11/01/2030	Serial Coupon	3.390%	4,671.45	99.999%	4,671.40
Subtotal		-	**$550,429.85**	-	**$550,429.39**
Total		-	**$2,945,429.85**	-	**$2,945,429.39**

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Refunding Revenue Bonds, Series 2010A

(Sewer System Debt)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
04/01/2019	-	-	25,334.38	25,334.38
10/01/2019	100,000.00	3.750%	25,334.38	125,334.38
04/01/2020	-	-	23,459.38	23,459.38
10/01/2020	105,000.00	4.000%	23,459.38	128,459.38
04/01/2021	-	-	21,359.38	21,359.38
10/01/2021	110,000.00	4.000%	21,359.38	131,359.38
04/01/2022	-	-	19,159.38	19,159.38
10/01/2022	110,000.00	4.100%	19,159.38	129,159.38
04/01/2023	-	-	16,904.38	16,904.38
10/01/2023	115,000.00	4.100%	16,904.38	131,904.38
04/01/2024	-	-	14,546.88	14,546.88
10/01/2024	120,000.00	4.375%	14,546.88	134,546.88
04/01/2025	-	-	11,921.88	11,921.88
10/01/2025	125,000.00	4.375%	11,921.88	136,921.88
04/01/2026	-	-	9,187.50	9,187.50
10/01/2026	135,000.00	4.375%	9,187.50	144,187.50
04/01/2027	-	-	6,234.38	6,234.38
10/01/2027	140,000.00	4.375%	6,234.38	146,234.38
04/01/2028	-	-	3,171.88	3,171.88
10/01/2028	145,000.00	4.375%	3,171.88	148,171.88
Total	**$1,205,000.00**	-	**$302,558.84**	**$1,507,558.84**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/27/2018
Average Life	5.603 Years
Average Coupon	4.3016685%
Weighted Average Maturity (Par Basis)	5.603 Years
Weighted Average Maturity (Original Price Basis)	5.603 Years

Refunding Bond Information

Refunding Dated Date	12/27/2018
Refunding Delivery Date	12/27/2018

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Revenue Bonds, Series 2013A

(Sewer System Debt)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
06/01/2019	100,000.00	3.000%	21,050.00	121,050.00
12/01/2019	-	-	19,550.00	19,550.00
06/01/2020	105,000.00	3.000%	19,550.00	124,550.00
12/01/2020	-	-	17,975.00	17,975.00
06/01/2021	110,000.00	3.250%	17,975.00	127,975.00
12/01/2021	-	-	16,187.50	16,187.50
06/01/2022	110,000.00	3.250%	16,187.50	126,187.50
12/01/2022	-	-	14,400.00	14,400.00
06/01/2023	115,000.00	3.250%	14,400.00	129,400.00
12/01/2023	-	-	12,531.25	12,531.25
06/01/2024	120,000.00	3.750%	12,531.25	132,531.25
12/01/2024	-	-	10,281.25	10,281.25
06/01/2025	125,000.00	3.750%	10,281.25	135,281.25
12/01/2025	-	-	7,937.50	7,937.50
06/01/2026	130,000.00	3.750%	7,937.50	137,937.50
12/01/2026	-	-	5,500.00	5,500.00
06/01/2027	135,000.00	4.000%	5,500.00	140,500.00
12/01/2027	-	-	2,800.00	2,800.00
06/01/2028	140,000.00	4.000%	2,800.00	142,800.00
Total	**$1,190,000.00**	-	**$235,375.00**	**$1,425,375.00**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/27/2018
Average Life	5.230 Years
Average Coupon	3.7328465%
Weighted Average Maturity (Par Basis)	5.230 Years
Weighted Average Maturity (Original Price Basis)	5.230 Years

Refunding Bond Information

Refunding Dated Date	12/27/2018
Refunding Delivery Date	12/27/2018

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
01/01/2019	3,077.85	3.390%	1,606.80	4,684.65
02/01/2019	3,138.38	3.390%	1,546.27	4,684.65
03/01/2019	3,147.24	3.390%	1,537.40	4,684.64
04/01/2019	3,156.14	3.390%	1,528.51	4,684.65
05/01/2019	3,165.05	3.390%	1,519.60	4,684.65
06/01/2019	3,173.99	3.390%	1,510.66	4,684.65
07/01/2019	3,182.96	3.390%	1,501.69	4,684.65
08/01/2019	3,191.95	3.390%	1,492.70	4,684.65
09/01/2019	3,200.97	3.390%	1,483.68	4,684.65
10/01/2019	3,210.01	3.390%	1,474.64	4,684.65
11/01/2019	3,219.08	3.390%	1,465.57	4,684.65
12/01/2019	3,228.17	3.390%	1,456.47	4,684.64
01/01/2020	3,237.29	3.390%	1,447.36	4,684.65
02/01/2020	3,246.44	3.390%	1,438.21	4,684.65
03/01/2020	3,255.61	3.390%	1,429.04	4,684.65
04/01/2020	3,264.81	3.390%	1,419.84	4,684.65
05/01/2020	3,274.03	3.390%	1,410.62	4,684.65
06/01/2020	3,283.28	3.390%	1,401.37	4,684.65
07/01/2020	3,292.55	3.390%	1,392.09	4,684.64
08/01/2020	3,301.86	3.390%	1,382.79	4,684.65
09/01/2020	3,311.18	3.390%	1,373.46	4,684.64
10/01/2020	3,320.54	3.390%	1,364.11	4,684.65
11/01/2020	3,329.92	3.390%	1,354.73	4,684.65
12/01/2020	3,339.33	3.390%	1,345.32	4,684.65
01/01/2021	3,348.76	3.390%	1,335.89	4,684.65
02/01/2021	3,358.22	3.390%	1,326.43	4,684.65
03/01/2021	3,367.71	3.390%	1,316.94	4,684.65
04/01/2021	3,377.22	3.390%	1,307.43	4,684.65
05/01/2021	3,386.76	3.390%	1,297.89	4,684.65
06/01/2021	3,396.33	3.390%	1,288.32	4,684.65
07/01/2021	3,405.92	3.390%	1,278.73	4,684.65
08/01/2021	3,415.54	3.390%	1,269.10	4,684.64
09/01/2021	3,425.19	3.390%	1,259.45	4,684.64
10/01/2021	3,434.87	3.390%	1,249.78	4,684.65
11/01/2021	3,444.57	3.390%	1,240.08	4,684.65
12/01/2021	3,454.30	3.390%	1,230.34	4,684.64
01/01/2022	3,464.06	3.390%	1,220.59	4,684.65
02/01/2022	3,473.85	3.390%	1,210.80	4,684.65
03/01/2022	3,483.66	3.390%	1,200.99	4,684.65
04/01/2022	3,493.50	3.390%	1,191.15	4,684.65
05/01/2022	3,503.37	3.390%	1,181.28	4,684.65
06/01/2022	3,513.27	3.390%	1,171.38	4,684.65
07/01/2022	3,523.19	3.390%	1,161.45	4,684.64
08/01/2022	3,533.15	3.390%	1,151.50	4,684.65

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
09/01/2022	3,543.13	3.390%	1,141.52	4,684.65
10/01/2022	3,553.14	3.390%	1,131.51	4,684.65
11/01/2022	3,563.18	3.390%	1,121.47	4,684.65
12/01/2022	3,573.24	3.390%	1,111.41	4,684.65
01/01/2023	3,583.34	3.390%	1,101.31	4,684.65
02/01/2023	3,593.46	3.390%	1,091.19	4,684.65
03/01/2023	3,603.61	3.390%	1,081.04	4,684.65
04/01/2023	3,613.79	3.390%	1,070.86	4,684.65
05/01/2023	3,624.00	3.390%	1,060.65	4,684.65
06/01/2023	3,634.24	3.390%	1,050.41	4,684.65
07/01/2023	3,644.50	3.390%	1,040.14	4,684.64
08/01/2023	3,654.80	3.390%	1,029.85	4,684.65
09/01/2023	3,665.12	3.390%	1,019.52	4,684.64
10/01/2023	3,675.48	3.390%	1,009.17	4,684.65
11/01/2023	3,685.86	3.390%	998.79	4,684.65
12/01/2023	3,696.27	3.390%	988.37	4,684.64
01/01/2024	3,706.72	3.390%	977.93	4,684.65
02/01/2024	3,717.19	3.390%	967.46	4,684.65
03/01/2024	3,727.69	3.390%	956.96	4,684.65
04/01/2024	3,738.22	3.390%	946.43	4,684.65
05/01/2024	3,748.78	3.390%	935.87	4,684.65
06/01/2024	3,759.37	3.390%	925.28	4,684.65
07/01/2024	3,769.99	3.390%	914.66	4,684.65
08/01/2024	3,780.64	3.390%	904.01	4,684.65
09/01/2024	3,791.32	3.390%	893.33	4,684.65
10/01/2024	3,802.03	3.390%	882.62	4,684.65
11/01/2024	3,812.77	3.390%	871.88	4,684.65
12/01/2024	3,823.54	3.390%	861.10	4,684.64
01/01/2025	3,834.35	3.390%	850.30	4,684.65
02/01/2025	3,845.18	3.390%	839.47	4,684.65
03/01/2025	3,856.04	3.390%	828.61	4,684.65
04/01/2025	3,866.93	3.390%	817.72	4,684.65
05/01/2025	3,877.86	3.390%	806.79	4,684.65
06/01/2025	3,888.81	3.390%	795.84	4,684.65
07/01/2025	3,899.80	3.390%	784.85	4,684.65
08/01/2025	3,910.82	3.390%	773.83	4,684.65
09/01/2025	3,921.86	3.390%	762.79	4,684.65
10/01/2025	3,932.94	3.390%	751.71	4,684.65
11/01/2025	3,944.05	3.390%	740.60	4,684.65
12/01/2025	3,955.19	3.390%	729.45	4,684.64
01/01/2026	3,966.37	3.390%	718.28	4,684.65
02/01/2026	3,977.57	3.390%	707.08	4,684.65
03/01/2026	3,988.81	3.390%	695.84	4,684.65
04/01/2026	4,000.08	3.390%	684.57	4,684.65

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
05/01/2026	4,011.38	3.390%	673.27	4,684.65
06/01/2026	4,022.71	3.390%	661.94	4,684.65
07/01/2026	4,034.07	3.390%	650.57	4,684.64
08/01/2026	4,045.47	3.390%	639.18	4,684.65
09/01/2026	4,056.90	3.390%	627.75	4,684.65
10/01/2026	4,068.36	3.390%	616.29	4,684.65
11/01/2026	4,079.85	3.390%	604.80	4,684.65
12/01/2026	4,091.38	3.390%	593.27	4,684.65
01/01/2027	4,102.94	3.390%	581.71	4,684.65
02/01/2027	4,114.53	3.390%	570.12	4,684.65
03/01/2027	4,126.15	3.390%	558.50	4,684.65
04/01/2027	4,137.81	3.390%	546.84	4,684.65
05/01/2027	4,149.50	3.390%	535.15	4,684.65
06/01/2027	4,161.22	3.390%	523.43	4,684.65
07/01/2027	4,172.98	3.390%	511.67	4,684.65
08/01/2027	4,184.76	3.390%	499.89	4,684.65
09/01/2027	4,196.59	3.390%	488.06	4,684.65
10/01/2027	4,208.44	3.390%	476.21	4,684.65
11/01/2027	4,220.33	3.390%	464.32	4,684.65
12/01/2027	4,232.25	3.390%	452.40	4,684.65
01/01/2028	4,244.21	3.390%	440.44	4,684.65
02/01/2028	4,256.20	3.390%	428.45	4,684.65
03/01/2028	4,268.22	3.390%	416.43	4,684.65
04/01/2028	4,280.28	3.390%	404.37	4,684.65
05/01/2028	4,292.37	3.390%	392.28	4,684.65
06/01/2028	4,304.50	3.390%	380.15	4,684.65
07/01/2028	4,316.66	3.390%	367.99	4,684.65
08/01/2028	4,328.85	3.390%	355.80	4,684.65
09/01/2028	4,341.08	3.390%	343.57	4,684.65
10/01/2028	4,353.35	3.390%	331.30	4,684.65
11/01/2028	4,365.64	3.390%	319.01	4,684.65
12/01/2028	4,377.98	3.390%	306.67	4,684.65
01/01/2029	4,390.34	3.390%	294.30	4,684.64
02/01/2029	4,402.75	3.390%	281.90	4,684.65
03/01/2029	4,415.18	3.390%	269.46	4,684.64
04/01/2029	4,427.66	3.390%	256.99	4,684.65
05/01/2029	4,440.17	3.390%	244.48	4,684.65
06/01/2029	4,452.71	3.390%	231.94	4,684.65
07/01/2029	4,465.29	3.390%	219.36	4,684.65
08/01/2029	4,477.90	3.390%	206.75	4,684.65
09/01/2029	4,490.55	3.390%	194.10	4,684.65
10/01/2029	4,503.24	3.390%	181.41	4,684.65
11/01/2029	4,515.96	3.390%	168.69	4,684.65
12/01/2029	4,528.72	3.390%	155.93	4,684.65

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
01/01/2030	4,541.51	3.390%	143.14	4,684.65
02/01/2030	4,554.34	3.390%	130.31	4,684.65
03/01/2030	4,567.21	3.390%	117.44	4,684.65
04/01/2030	4,580.11	3.390%	104.54	4,684.65
05/01/2030	4,593.05	3.390%	91.60	4,684.65
06/01/2030	4,606.02	3.390%	78.63	4,684.65
07/01/2030	4,619.04	3.390%	65.61	4,684.65
08/01/2030	4,632.08	3.390%	52.56	4,684.64
09/01/2030	4,645.17	3.390%	39.48	4,684.65
10/01/2030	4,658.29	3.390%	26.36	4,684.65
11/01/2030	4,671.45	3.390%	13.20	4,684.65
Total	**$550,429.85**	-	**$119,474.93**	**$669,904.78**

Jefferson County Public Service District, West Virginia

Sewer Refunding Revenue Bonds, Series 2010A

(Sewer System Debt)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/27/2018	-	-	-	-	-	-	-
01/18/2019	1,205,000.00	15,059.88	1,220,059.88	-	-	-	-
04/01/2019	-	-	-	-	-	25,334.38	25,334.38
10/01/2019	-	-	-	100,000.00	3.750%	25,334.38	125,334.38
04/01/2020	-	-	-	-	-	23,459.38	23,459.38
10/01/2020	-	-	-	105,000.00	4.000%	23,459.38	128,459.38
04/01/2021	-	-	-	-	-	21,359.38	21,359.38
10/01/2021	-	-	-	110,000.00	4.000%	21,359.38	131,359.38
04/01/2022	-	-	-	-	-	19,159.38	19,159.38
10/01/2022	-	-	-	110,000.00	4.100%	19,159.38	129,159.38
04/01/2023	-	-	-	-	-	16,904.38	16,904.38
10/01/2023	-	-	-	115,000.00	4.100%	16,904.38	131,904.38
04/01/2024	-	-	-	-	-	14,546.88	14,546.88
10/01/2024	-	-	-	120,000.00	4.375%	14,546.88	134,546.88
04/01/2025	-	-	-	-	-	11,921.88	11,921.88
10/01/2025	-	-	-	125,000.00	4.375%	11,921.88	136,921.88
04/01/2026	-	-	-	-	-	9,187.50	9,187.50
10/01/2026	-	-	-	135,000.00	4.375%	9,187.50	144,187.50
04/01/2027	-	-	-	-	-	6,234.38	6,234.38
10/01/2027	-	-	-	140,000.00	4.375%	6,234.38	146,234.38
04/01/2028	-	-	-	-	-	3,171.88	3,171.88
10/01/2028	-	-	-	145,000.00	4.375%	3,171.88	148,171.88
Total	**$1,205,000.00**	**$15,059.88**	**$1,220,059.88**	**$1,205,000.00**	-	**$302,558.84**	**$1,507,558.84**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/27/2018
Average Life	5.603 Years
Average Coupon	4.3016685%
Weighted Average Maturity (Par Basis)	5.603 Years
Weighted Average Maturity (Original Price Basis)	5.603 Years

Refunding Bond Information

Refunding Dated Date	12/27/2018
Refunding Delivery Date	12/27/2018

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Revenue Bonds, Series 2013A

(Sewer System Debt)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/27/2018	-	-	-	-	-	-	-
01/18/2019	1,190,000.00	5,496.39	1,195,496.39	-	-	-	-
06/01/2019	-	-	-	100,000.00	3.000%	21,050.00	121,050.00
12/01/2019	-	-	-	-	-	19,550.00	19,550.00
06/01/2020	-	-	-	105,000.00	3.000%	19,550.00	124,550.00
12/01/2020	-	-	-	-	-	17,975.00	17,975.00
06/01/2021	-	-	-	110,000.00	3.250%	17,975.00	127,975.00
12/01/2021	-	-	-	-	-	16,187.50	16,187.50
06/01/2022	-	-	-	110,000.00	3.250%	16,187.50	126,187.50
12/01/2022	-	-	-	-	-	14,400.00	14,400.00
06/01/2023	-	-	-	115,000.00	3.250%	14,400.00	129,400.00
12/01/2023	-	-	-	-	-	12,531.25	12,531.25
06/01/2024	-	-	-	120,000.00	3.750%	12,531.25	132,531.25
12/01/2024	-	-	-	-	-	10,281.25	10,281.25
06/01/2025	-	-	-	125,000.00	3.750%	10,281.25	135,281.25
12/01/2025	-	-	-	-	-	7,937.50	7,937.50
06/01/2026	-	-	-	130,000.00	3.750%	7,937.50	137,937.50
12/01/2026	-	-	-	-	-	5,500.00	5,500.00
06/01/2027	-	-	-	135,000.00	4.000%	5,500.00	140,500.00
12/01/2027	-	-	-	-	-	2,800.00	2,800.00
06/01/2028	-	-	-	140,000.00	4.000%	2,800.00	142,800.00
Total	**$1,190,000.00**	**$5,496.39**	**$1,195,496.39**	**$1,190,000.00**	**-**	**$235,375.00**	**$1,425,375.00**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/27/2018
Average Life	5.230 Years
Average Coupon	3.7328465%
Weighted Average Maturity (Par Basis)	5.230 Years
Weighted Average Maturity (Original Price Basis)	5.230 Years

Refunding Bond Information

Refunding Dated Date	12/27/2018
Refunding Delivery Date	12/27/2018

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/27/2018	550,429.85	1,399.47	551,829.32	-	-	-	-
01/01/2019	-	-	-	3,077.85	3.390%	1,606.80	4,684.65
02/01/2019	-	-	-	3,138.38	3.390%	1,546.27	4,684.65
03/01/2019	-	-	-	3,147.24	3.390%	1,537.40	4,684.64
04/01/2019	-	-	-	3,156.14	3.390%	1,528.51	4,684.65
05/01/2019	-	-	-	3,165.05	3.390%	1,519.60	4,684.65
06/01/2019	-	-	-	3,173.99	3.390%	1,510.66	4,684.65
07/01/2019	-	-	-	3,182.96	3.390%	1,501.69	4,684.65
08/01/2019	-	-	-	3,191.95	3.390%	1,492.70	4,684.65
09/01/2019	-	-	-	3,200.97	3.390%	1,483.68	4,684.65
10/01/2019	-	-	-	3,210.01	3.390%	1,474.64	4,684.65
11/01/2019	-	-	-	3,219.08	3.390%	1,465.57	4,684.65
12/01/2019	-	-	-	3,228.17	3.390%	1,456.47	4,684.64
01/01/2020	-	-	-	3,237.29	3.390%	1,447.36	4,684.65
02/01/2020	-	-	-	3,246.44	3.390%	1,438.21	4,684.65
03/01/2020	-	-	-	3,255.61	3.390%	1,429.04	4,684.65
04/01/2020	-	-	-	3,264.81	3.390%	1,419.84	4,684.65
05/01/2020	-	-	-	3,274.03	3.390%	1,410.62	4,684.65
06/01/2020	-	-	-	3,283.28	3.390%	1,401.37	4,684.65
07/01/2020	-	-	-	3,292.55	3.390%	1,392.09	4,684.64
08/01/2020	-	-	-	3,301.86	3.390%	1,382.79	4,684.65
09/01/2020	-	-	-	3,311.18	3.390%	1,373.46	4,684.64
10/01/2020	-	-	-	3,320.54	3.390%	1,364.11	4,684.65
11/01/2020	-	-	-	3,329.92	3.390%	1,354.73	4,684.65
12/01/2020	-	-	-	3,339.33	3.390%	1,345.32	4,684.65
01/01/2021	-	-	-	3,348.76	3.390%	1,335.89	4,684.65
02/01/2021	-	-	-	3,358.22	3.390%	1,326.43	4,684.65
03/01/2021	-	-	-	3,367.71	3.390%	1,316.94	4,684.65
04/01/2021	-	-	-	3,377.22	3.390%	1,307.43	4,684.65
05/01/2021	-	-	-	3,386.76	3.390%	1,297.89	4,684.65
06/01/2021	-	-	-	3,396.33	3.390%	1,288.32	4,684.65
07/01/2021	-	-	-	3,405.92	3.390%	1,278.73	4,684.65
08/01/2021	-	-	-	3,415.54	3.390%	1,269.10	4,684.64
09/01/2021	-	-	-	3,425.19	3.390%	1,259.45	4,684.64
10/01/2021	-	-	-	3,434.87	3.390%	1,249.78	4,684.65
11/01/2021	-	-	-	3,444.57	3.390%	1,240.08	4,684.65
12/01/2021	-	-	-	3,454.30	3.390%	1,230.34	4,684.64
01/01/2022	-	-	-	3,464.06	3.390%	1,220.59	4,684.65
02/01/2022	-	-	-	3,473.85	3.390%	1,210.80	4,684.65
03/01/2022	-	-	-	3,483.66	3.390%	1,200.99	4,684.65
04/01/2022	-	-	-	3,493.50	3.390%	1,191.15	4,684.65
05/01/2022	-	-	-	3,503.37	3.390%	1,181.28	4,684.65
06/01/2022	-	-	-	3,513.27	3.390%	1,171.38	4,684.65

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/01/2022	-	-	-	3,523.19	3.390%	1,161.45	4,684.64
08/01/2022	-	-	-	3,533.15	3.390%	1,151.50	4,684.65
09/01/2022	-	-	-	3,543.13	3.390%	1,141.52	4,684.65
10/01/2022	-	-	-	3,553.14	3.390%	1,131.51	4,684.65
11/01/2022	-	-	-	3,563.18	3.390%	1,121.47	4,684.65
12/01/2022	-	-	-	3,573.24	3.390%	1,111.41	4,684.65
01/01/2023	-	-	-	3,583.34	3.390%	1,101.31	4,684.65
02/01/2023	-	-	-	3,593.46	3.390%	1,091.19	4,684.65
03/01/2023	-	-	-	3,603.61	3.390%	1,081.04	4,684.65
04/01/2023	-	-	-	3,613.79	3.390%	1,070.86	4,684.65
05/01/2023	-	-	-	3,624.00	3.390%	1,060.65	4,684.65
06/01/2023	-	-	-	3,634.24	3.390%	1,050.41	4,684.65
07/01/2023	-	-	-	3,644.50	3.390%	1,040.14	4,684.64
08/01/2023	-	-	-	3,654.80	3.390%	1,029.85	4,684.65
09/01/2023	-	-	-	3,665.12	3.390%	1,019.52	4,684.64
10/01/2023	-	-	-	3,675.48	3.390%	1,009.17	4,684.65
11/01/2023	-	-	-	3,685.86	3.390%	998.79	4,684.65
12/01/2023	-	-	-	3,696.27	3.390%	988.37	4,684.64
01/01/2024	-	-	-	3,706.72	3.390%	977.93	4,684.65
02/01/2024	-	-	-	3,717.19	3.390%	967.46	4,684.65
03/01/2024	-	-	-	3,727.69	3.390%	956.96	4,684.65
04/01/2024	-	-	-	3,738.22	3.390%	946.43	4,684.65
05/01/2024	-	-	-	3,748.78	3.390%	935.87	4,684.65
06/01/2024	-	-	-	3,759.37	3.390%	925.28	4,684.65
07/01/2024	-	-	-	3,769.99	3.390%	914.66	4,684.65
08/01/2024	-	-	-	3,780.64	3.390%	904.01	4,684.65
09/01/2024	-	-	-	3,791.32	3.390%	893.33	4,684.65
10/01/2024	-	-	-	3,802.03	3.390%	882.62	4,684.65
11/01/2024	-	-	-	3,812.77	3.390%	871.88	4,684.65
12/01/2024	-	-	-	3,823.54	3.390%	861.10	4,684.64
01/01/2025	-	-	-	3,834.35	3.390%	850.30	4,684.65
02/01/2025	-	-	-	3,845.18	3.390%	839.47	4,684.65
03/01/2025	-	-	-	3,856.04	3.390%	828.61	4,684.65
04/01/2025	-	-	-	3,866.93	3.390%	817.72	4,684.65
05/01/2025	-	-	-	3,877.86	3.390%	806.79	4,684.65
06/01/2025	-	-	-	3,888.81	3.390%	795.84	4,684.65
07/01/2025	-	-	-	3,899.80	3.390%	784.85	4,684.65
08/01/2025	-	-	-	3,910.82	3.390%	773.83	4,684.65
09/01/2025	-	-	-	3,921.86	3.390%	762.79	4,684.65
10/01/2025	-	-	-	3,932.94	3.390%	751.71	4,684.65
11/01/2025	-	-	-	3,944.05	3.390%	740.60	4,684.65
12/01/2025	-	-	-	3,955.19	3.390%	729.45	4,684.64
01/01/2026	-	-	-	3,966.37	3.390%	718.28	4,684.65

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/01/2026	-	-	-	3,977.57	3.390%	707.08	4,684.65
03/01/2026	-	-	-	3,988.81	3.390%	695.84	4,684.65
04/01/2026	-	-	-	4,000.08	3.390%	684.57	4,684.65
05/01/2026	-	-	-	4,011.38	3.390%	673.27	4,684.65
06/01/2026	-	-	-	4,022.71	3.390%	661.94	4,684.65
07/01/2026	-	-	-	4,034.07	3.390%	650.57	4,684.64
08/01/2026	-	-	-	4,045.47	3.390%	639.18	4,684.65
09/01/2026	-	-	-	4,056.90	3.390%	627.75	4,684.65
10/01/2026	-	-	-	4,068.36	3.390%	616.29	4,684.65
11/01/2026	-	-	-	4,079.85	3.390%	604.80	4,684.65
12/01/2026	-	-	-	4,091.38	3.390%	593.27	4,684.65
01/01/2027	-	-	-	4,102.94	3.390%	581.71	4,684.65
02/01/2027	-	-	-	4,114.53	3.390%	570.12	4,684.65
03/01/2027	-	-	-	4,126.15	3.390%	558.50	4,684.65
04/01/2027	-	-	-	4,137.81	3.390%	546.84	4,684.65
05/01/2027	-	-	-	4,149.50	3.390%	535.15	4,684.65
06/01/2027	-	-	-	4,161.22	3.390%	523.43	4,684.65
07/01/2027	-	-	-	4,172.98	3.390%	511.67	4,684.65
08/01/2027	-	-	-	4,184.76	3.390%	499.89	4,684.65
09/01/2027	-	-	-	4,196.59	3.390%	488.06	4,684.65
10/01/2027	-	-	-	4,208.44	3.390%	476.21	4,684.65
11/01/2027	-	-	-	4,220.33	3.390%	464.32	4,684.65
12/01/2027	-	-	-	4,232.25	3.390%	452.40	4,684.65
01/01/2028	-	-	-	4,244.21	3.390%	440.44	4,684.65
02/01/2028	-	-	-	4,256.20	3.390%	428.45	4,684.65
03/01/2028	-	-	-	4,268.22	3.390%	416.43	4,684.65
04/01/2028	-	-	-	4,280.28	3.390%	404.37	4,684.65
05/01/2028	-	-	-	4,292.37	3.390%	392.28	4,684.65
06/01/2028	-	-	-	4,304.50	3.390%	380.15	4,684.65
07/01/2028	-	-	-	4,316.66	3.390%	367.99	4,684.65
08/01/2028	-	-	-	4,328.85	3.390%	355.80	4,684.65
09/01/2028	-	-	-	4,341.08	3.390%	343.57	4,684.65
10/01/2028	-	-	-	4,353.35	3.390%	331.30	4,684.65
11/01/2028	-	-	-	4,365.64	3.390%	319.01	4,684.65
12/01/2028	-	-	-	4,377.98	3.390%	306.67	4,684.65
01/01/2029	-	-	-	4,390.34	3.390%	294.30	4,684.64
02/01/2029	-	-	-	4,402.75	3.390%	281.90	4,684.65
03/01/2029	-	-	-	4,415.18	3.390%	269.46	4,684.64
04/01/2029	-	-	-	4,427.66	3.390%	256.99	4,684.65
05/01/2029	-	-	-	4,440.17	3.390%	244.48	4,684.65
06/01/2029	-	-	-	4,452.71	3.390%	231.94	4,684.65
07/01/2029	-	-	-	4,465.29	3.390%	219.36	4,684.65
08/01/2029	-	-	-	4,477.90	3.390%	206.75	4,684.65

Jefferson County Public Service District, West Virginia

Sewer Revenue Bond, Series 2015A (Junior Lien)

(Bank of Charles Town Loan)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
09/01/2029	-	-	-	4,490.55	3.390%	194.10	4,684.65
10/01/2029	-	-	-	4,503.24	3.390%	181.41	4,684.65
11/01/2029	-	-	-	4,515.96	3.390%	168.69	4,684.65
12/01/2029	-	-	-	4,528.72	3.390%	155.93	4,684.65
01/01/2030	-	-	-	4,541.51	3.390%	143.14	4,684.65
02/01/2030	-	-	-	4,554.34	3.390%	130.31	4,684.65
03/01/2030	-	-	-	4,567.21	3.390%	117.44	4,684.65
04/01/2030	-	-	-	4,580.11	3.390%	104.54	4,684.65
05/01/2030	-	-	-	4,593.05	3.390%	91.60	4,684.65
06/01/2030	-	-	-	4,606.02	3.390%	78.63	4,684.65
07/01/2030	-	-	-	4,619.04	3.390%	65.61	4,684.65
08/01/2030	-	-	-	4,632.08	3.390%	52.56	4,684.64
09/01/2030	-	-	-	4,645.17	3.390%	39.48	4,684.65
10/01/2030	-	-	-	4,658.29	3.390%	26.36	4,684.65
11/01/2030	-	-	-	4,671.45	3.390%	13.20	4,684.65
Total	**$550,429.85**	**$1,399.47**	**$551,829.32**	**$550,429.85**	-	**$119,474.93**	**$669,904.78**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/27/2018
Average Life	6.328 Years
Average Coupon	3.3900015%
Weighted Average Maturity (Par Basis)	6.328 Years
Weighted Average Maturity (Original Price Basis)	6.328 Years

Refunding Bond Information

Refunding Dated Date	12/27/2018
Refunding Delivery Date	12/27/2018

Compass Municipal Advisors, LLC
BNurick - Public Finance

Jefferson County
Public Service District

December 18, 2018

VIA EMAIL AND FIRST CLASS MAIL

Sara Rogers, Executive Director
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25301

Re: Defeasance of the District 2010 A Bonds and 2013 A Bonds

Dear Ms. Rogers:

The City of Charles Town (the "City") is acquiring the water system and sewerage system assets (collectively, the "District Assets") of Jefferson County Public Service District (the "District") on December 27, 2018. Upon the acquisition of the District Assets by the City, the District will, pursuant to Order of the Public Service Commission of West Virginia, cease to exist.

As part of the consideration for the acquisition of the District Assets, the City has agreed to defease the following bonds of the District:

a. Sewer Refunding Revenue Bonds, 2010 Series A, dated June 24, 2010, and issued in the original aggregate principal amount of $1,895,000 (the "Series 2010 A Bonds"); and
b. Sewer Revenue Bonds, 2013 Series A, dated May 30, 2013, and issued in the original aggregate principal amount of $1,660,000 (the "Series 2013 A Bonds).

The City will deposit proceeds of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), to be issued on December 27, 2018, with the Commission in an amount, along with monies already on deposit with the Commission and pledged to the payment of the Series 2010 A Bonds and the Series 2013 A Bonds, which shall be sufficient to defease the Series 2010 A Bonds and the Series 2013 A Bonds to January 18, 2019 (the "Redemption Date").

In order to complete this transaction it is necessary to request the following from the Municipal Bond Commission:

1) Issue the attached Notice of Redemption for the Series 2010 A Bonds by no later than December 19, 2018, to redeem the Series 2010 A Bonds on January 18, 2019.
2) Issue the attached Notice of Redemption for the Series 2013 A Bonds by no later than December 19, 2018, to redeem the Series 2013A Bonds on January 18, 2019.
3) Transfer $48,381.98 from the Series 2010 A Bonds Sinking Fund to the Series 2010 A Bonds Redemption Fund.

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4) Transfer $156,088.53 from the Series 2010 A Bonds Reserve Account to the Series 2010 A Bonds Redemption Fund.
5) Transfer $68,951.85 from the Series 2013 A Bonds Sinking Fund to the Series 2013 A Bonds Redemption Fund.
6) Transfer $148,119.27 from the Series 2013 A Bonds Debt Service Reserve Fund to the Series 2013 A Bonds Redemption Fund.

Thank you for your attention to this matter. If you have any questions regarding this matter, please to call me at 304.725.4647. I also hereby authorize, on behalf of the District, for you to contact John Stump of Steptoe & Johnson PLLC, bond counsel for the City, at 304.353.8196, for any questions regarding this transaction.

Sincerely,

April Shultz

April Shultz
General Manager

[to be sent via electronic mail or by any means as the Depository Trust Company or any holder of the Bonds shall require, to EMMA and the Depository Trust Company at least 30 days and not more than 60 days prior to the Redemption Date]

NOTICE OF REDEMPTION ON
JANUARY 18, 2019

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, 2010 SERIES A

Notice is hereby given that the sewer system assets (the "District Assets") of the Jefferson County Public Service District (the "District") are being acquired on December 27, 2018 by the City of Charles Town (the "City"). As part of the consideration for the acquisition of the District Assets the City will issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Series 2018 B Bonds"), dated December 27, 2018, in the principal amount sufficient to pay in full on the Redemption Date (hereinafter defined) the entire outstanding principal amount of, and all accrued interest on, the Jefferson County Public Service District (West Virginia) Sewer Refunding Revenue Bonds, 2010 Series A, dated June 24, 2010 (the "District 2010 A Bonds"), in accordance with the redemption provisions of a bond resolution adopted by the District on April 6, 2010, as supplemented by the Supplemental Resolution adopted by the Issuer on June 18, 2010 (collectively, the "District 2010 A Bond Resolution"). Conditioned on the acquisition of the District Assets and the issuance of the Series 2018 B Bonds by the City, the District 2010 A Bonds are to be redeemed in their entirety on January 18, 2018 (the "Redemption Date"). The payment which is to be made in order to affect such redemption in each case will include the principal amount at 100% of par and accrued interest to the Redemption Date (the "Redemption Price") as follows:

DISTRICT 2010 A TERM BONDS

Original Par Amount	Bond	Cusip No.*	Maturity Date
$195,000	Term Bond	473671AQ8	10/01/2019
$215,000	Term Bond	473671AR6	10/01/2021
$225,000	Term Bond	473671AS4	10/01/2023
$245,000	Term Bond	473671AT2	10/01/2025
$420,000	Term Bond	473671AU9	10/01/2028

On the Redemption Date the Redemption Price will become due and payable on the District 2010 A Bonds and interest thereon shall cease to accrue from and after said date. On the Redemption Date there will be on deposit with the West Virginia Municipal Bond Commission (the "Paying Agent") for the District 2010 A Bonds an amount sufficient to pay, on the Redemption Date, the Redemption Price of the District 2010 A Bonds.

The redemption described above is conditional on and subject to the acquisition of the District Assets and the issuance of the Series 2018 B Bonds by the City and there being on deposit in the applicable funds and accounts with the Paying Agent on the Redemption Date sufficient moneys to pay the full Redemption Price of the District 2010 A Bonds. If the City does not acquire the District Assets or issue the Series 2018 B Bonds, or such redemption moneys are not on deposit on the Redemption Date, this notice shall be of no force and effect, the District 2010 A Bonds shall not be redeemed pursuant hereto, and the Paying Agent shall give notice that such moneys were not received. Failure to make such deposit shall not constitute a default under the District 2010 A Bond Resolution.

All District 2010 A Bonds outstanding may be surrendered for payment and delivered to the Paying Agent at the following address:

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

These securities will become due and payable on the Redemption Date at the office of the Paying Agent as indicated above.

Date of Notice: December 19, 2018

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, Registrars and Paying Agents may be obligated to withhold 31% from payments of principal to individuals who have failed to furnish the Registrar and Paying Agent with a valid Taxpayer Identification Number. Holders of the above stated securities who wish to avoid the application of these provisions should submit certified Taxpayer Identification Numbers on Form W-9 when presenting their bonds. The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.

**The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.*

[to be sent via electronic mail or by any means as the Depository Trust Company or any holder of the Bonds shall require, to EMMA and the Depository Trust Company at least 30 days and not more than 60 days prior to the Redemption Date]

NOTICE OF REDEMPTION
ON JANUARY 18, 2019

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
SEWER REVENUE BONDS, 2013 SERIES A

Notice is hereby given that the sewer system assets (the "District Assets") of the Jefferson County Public Service District (the "District") are being acquired on December 27, 2018 by the City of Charles Town (the "City"). As part of the consideration for the acquisition of the District Assets the City will issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Series 2018 B Bonds"), dated December 27, 2018, in the principal amount sufficient to pay in full on the Redemption Date (hereinafter defined) the entire outstanding principal amount of, and all accrued interest on, the Jefferson County Public Service District (West Virginia) Sewer Refunding Revenue Bonds, 2013 Series A, dated June 14, 2013 (the "District 2013 A Bonds"), in accordance with the redemption provisions of a bond resolution adopted by the District on May 6, 2013, (the "District 2013 A Bond Resolution"). Conditioned on the acquisition of the District Assets and the issuance of the Series 2018 B Bonds by the City, the District 2013 A Bonds are to be redeemed in their entirety on January 18, 2018 (the "Redemption Date"). The payment which is to be made in order to affect such redemption in each case will include the principal amount at 100% of par, and accrued interest to the Redemption Date (the "Redemption Price") as follows:

DISTRICT 2013 A TERM BONDS

Original Par Amount	Bond	Cusip No.*	Maturity Date
$400,000	Term Bond	473671AW5	06/01/2020
$335,000	Term Bond	473671AX3	06/01/2023
$375,000	Term Bond	473671AY1	06/01/2026
$275,000	Term Bond	473671AZ8	06/01/2028

On the Redemption Date the Redemption Price will become due and payable on the District 2013 A Bonds and interest thereon shall cease to accrue from and after said date. On the Redemption Date there will be on deposit with the West Virginia Municipal Bond Commission (the "Paying Agent") for the District 2013 A Bonds an amount sufficient to pay, on the Redemption Date, the Redemption Price of the District 2013 A Bonds.

The redemption described above is conditional on and subject to the acquisition of the District Assets and the issuance of the Series 2018 B Bonds by the City and there being on deposit in the applicable funds and accounts with the Paying Agent on the Redemption Date sufficient moneys to pay the full Redemption Price of the District 2013 A Bonds. If the City does not acquire the District Assets or issue the Series 2018 B Bonds, or such redemption moneys are not on deposit on the Redemption Date, this notice shall be of no force and effect, the District 2013 A Bonds shall not be redeemed pursuant hereto, and the Paying Agent shall give notice that such moneys were not received. Failure to make such deposit shall not constitute a default under the District 2013 A Bond Resolution.

All District 2013 A Bonds outstanding may be surrendered for payment and delivered to the Paying Agent at the following address:

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

These securities will become due and payable on the Redemption Date at the office of the Paying Agent as indicated above.

Date of Notice: December 19, 2018

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, Registrars and Paying Agents may be obligated to withhold 31% from payments of principal to individuals who have failed to furnish the Registrar and Paying Agent with a valid Taxpayer Identification Number. Holders of the above stated securities who wish to avoid the application of these provisions should submit certified Taxpayer Identification Numbers on Form W-9 when presenting their bonds. The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.

**The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.*

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank-Qualified)

PREPAYMENT AGREEMENT FOR JEFFERSON COUNTY PUBLIC SERVICE DISTRICT SEWER REFUNDING REVENUE BONDS, SERIES 2010 A AND SEWER REVENUE BONDS, SERIES 2013 A

This **PREPAYMENT AGREEMENT** (the "Agreement"), made and entered into as of December 27, 2018, by and between the **CITY OF CHARLES TOWN** (the "Issuer") and the **WEST VIRGINIA MUNICIPAL BOND COMMISSION** (the "Prepayment Agent").

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

WHEREAS, the Issuer presently owns and operates a combined waterworks and sewerage system (the "System");

WHEREAS, the Issuer is acquiring the water system and sewerage system assets (collectively, the "District Assets") of Jefferson County Public Service District (the "District") on December 27, 2018;

WHEREAS, the Issuer has determined to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank-Qualified), dated December 27, 2018, in the aggregate principal amount of $3,065,000 (the "Series 2018 B Bonds") and contemporaneously therewith pay the Jefferson County Public Service District (the "District") Sewer Refunding Revenue Bonds, Series 2010 A, dated June 24, 2010, issued in the original aggregate principal amount of $1,895,000 of which the principal amount of $1,205,000 is currently outstanding (the "Series 2010 A Bonds") and Sewer Revenue Bonds, Series 2013 A, dated June 14, 2013, issued in the original aggregate principal amount of $1,660,000 of which the principal amount of $1,190,000 is currently outstanding (the "Series 2013 A Bonds");

WHEREAS, the Issuer intends to pay all of the Series 2010 A Bonds currently outstanding by depositing with the Prepayment Agent on December 27, 2018 (the "Closing Date") a portion of the proceeds of the Series 2018 B Bonds in the amount of $1,015,589.37 and with moneys on deposit in various accounts relating to the Series 2010 A Bonds, held by the Prepayment Agent in the amount of $204,470.51, which amounts will be deposited by the Prepayment Agent into an account to be created and known as the "Series 2010 A Bonds Prepayment Fund";

WHEREAS, the amount deposited in the Series 2010 A Bonds Prepayment Fund from the Series 2018 B Bonds in the amount of $1,015,589.37, the Series 2010 A Bonds Sinking Fund transfer in the amount of $48,381.98 and the Series 2010 A Bonds Reserve Account transfer in the amount of $156,088.53 for a total amount of $1,220,059.88 shall be known as the "Series 2010 A Redemption Deposit Amount";

WHEREAS, the Series 2010 A Redemption Deposit Amount is in such amount as to insure the payment on January 18, 2019 (the "Redemption Date"), pursuant to the Bond Ordinance duly enacted by the Issuer on September 17, 2018, as supplemented by Supplemental Parameters Resolution duly adopted on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (collectively, the "Ordinance"), of the entire principal amount of the Series 2010 A Bonds then outstanding, and all interest accrued thereon (collectively, the "Series 2010 A Redemption Price");

WHEREAS, on or before one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Series 2010 A Redemption Price in order that the payment can be effected to the registered owner(s) of the Series 2010 A Bonds upon presentation of such Series 2010 A Bonds for payment in accordance with the Ordinance;

WHEREAS, the Issuer intends to pay all of the Series 2013 A Bonds currently outstanding by depositing with the Prepayment Agent on the Closing Date a portion of the proceeds of the Series 2018 B Bonds in the amount of $978,425.27 and with moneys on deposit in various accounts relating to the Series 2013 A Bonds, held by the Prepayment Agent in the amount of $217,071.12, which amounts will be deposited by the Prepayment Agent into an account to be created and known as the "Series 2013 A Bonds Prepayment Fund";

WHEREAS, the amount deposited in the Series 2013 A Bonds Prepayment Fund from the Series 2018 B Bonds in the amount of $978,425.27, the Series 2013 A Bonds Sinking Fund transfer in the amount of $68,951.85 and the Series 2013 A Bonds Reserve Account transfer in the amount of $148,119.27 for a total amount of $1,195,496.39 shall be known as the "Series 2013 A Redemption Deposit Amount";

WHEREAS, the Series 2013 A Redemption Deposit Amount is in such amount as to insure the payment on the Redemption Date, pursuant to the Ordinance, of the entire principal amount of the Series 2013 A Bonds then outstanding, and all interest accrued thereon (collectively, the "Series 2013 A Redemption Price");

WHEREAS, on or before one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Series 2013 A Redemption Price in order that the payment can be effected to the registered owner(s) of the Series 2013 A Bonds upon presentation of such Series 2013 A Bonds for payment in accordance with the Ordinance;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 2010 A Bonds and Series 2013 A Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Series 2010 A Bonds

1. The Prepayment Agent shall create the Series 2010 A Bonds Prepayment Fund separate and apart from all other funds or accounts of the Prepayment Agent.

2. The Issuer shall deposit an amount of $1,015,589.37 from Series 2018 B Bonds proceeds with the Prepayment Agent on the Closing Date and such amount shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited by the Prepayment Agent in the Series 2010 A Bonds Prepayment Fund.

3. The Prepayment Agent shall transfer an amount of $48,381.98 from the Series 2010 A Bonds Sinking Fund to the Series 2010 A Bonds Prepayment Fund.

4. The Prepayment Agent shall transfer an amount of $156,088.53 from the Series 2010 A Bonds Reserve Account to the Series 2010 A Bonds Prepayment Fund.

5. Surplus amounts remaining in the Series 2010 A Bonds Sinking Fund and/or Series 2010 A Bonds Reserve Account shall be applied, first, to fees due and owing the Prepayment Agent with respect to the Series 2010 A Bonds and, second, transferred by the Prepayment Agent for deposit into the Series 2018 B Bonds Sinking Fund.

6. The Series 2010 A Redemption Deposit Amount shall be sufficient to pay the Series 2010 A Redemption Price in full on the Redemption Date.

7. A notice of redemption was provided on December 19, 2018 to The Depository Trust Company as the registered owner of the Series 2010 A Bonds, which date is not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the Series 2010 A Bonds.

8. The holders of the Series 2010 A Bonds shall have an express lien on all moneys and assets in the Series 2010 A Bonds Prepayment Fund and the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, until paid out, used and applied in accordance with this Agreement.

9. On or before one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Series 2010 A Redemption Amount in order that the payment of the Series 2010 A Redemption Price can be made to the registered owners of the Series 2010 A Bonds upon presentation of such Series 2010 A Bonds for payment in accordance with the Ordinance.

Series 2013 A Bonds

1. The Prepayment Agent shall create the Series 2013 A Bonds Prepayment Fund separate and apart from all other funds or accounts of the Prepayment Agent.

2. The Issuer shall deposit an amount of $978,425.27 from Series 2018 B Bonds proceeds with the Prepayment Agent on the Closing Date and such amount shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited by the Prepayment Agent in the Series 2013 A Bonds Prepayment Fund.

3. The Prepayment Agent shall transfer an amount of $68,951.85 from the Series 2013 A Bonds Sinking Fund to the Series 2013 A Bonds Prepayment Fund.

4. The Prepayment Agent shall transfer an amount of $148,119.27 from the Series 2013 A Bonds Reserve Account to the Series 2013 A Bonds Prepayment Fund.

5. Surplus amounts remaining in the Series 2013 A Bonds Sinking Fund and/or Series 2013 A Bonds Reserve Account shall be applied, first, to fees due and owing the Prepayment Agent with respect to the Series 2013 A Bonds and, second, transferred by the Prepayment Agent for deposit into the Series 2018 B Bonds Sinking Fund.

6. The Series 2013 A Redemption Deposit Amount shall be sufficient to pay the Series 2013 A Redemption Price in full on the Redemption Date.

7. A notice of redemption was provided on December 19, 2018 to The Depository Trust Company as the registered owner of the Series 2013 A Bonds, which date is not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the Series 2013 A Bonds.

8. The holders of the Series 2013 A Bonds shall have an express lien on all moneys and assets in the Series 2013 A Bonds Prepayment Fund and the Series 2013 A Bonds Sinking Fund, including the Series 2013 A Bonds Reserve Account therein, until paid out, used and applied in accordance with this Agreement.

9. On or before one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Series 2013 A Redemption Amount in order that the payment of the Series 2013 A Redemption Price can be made to the registered owners of the Series 2013 A Bonds upon presentation of such Series 2013 A Bonds for payment in accordance with the Ordinance.

This Agreement shall terminate on the earlier of the date on which all the Outstanding Series 2010 A Bonds and Series 2013 A Bonds have been redeemed, paid in full and discharged, or on the second anniversary of the date of this Agreement. Upon termination of this Agreement, and provided that all of the Series 2010 A Bonds and Series 2013 A Bonds have been redeemed, any moneys relating to the Series 2010 A Bonds and Series 2013 A Bonds remaining after payment of fees of the Prepayment Agent shall be transferred by the Prepayment Agent for deposit into the Series 2018 B Bonds Sinking Fund.

In the event that any of the Series 2010 A Bonds and Series 2013 A Bonds have not been redeemed as of the termination of this Agreement or the second anniversary of the date hereof and any funds remain on deposit with the Prepayment Agent upon such termination, such funds shall be returned to the Issuer to be distributed pursuant to the terms of the legislation for the Series 2010 A Bonds and Series 2013 A Bonds.

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

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

[Remainder of Page Intentionally Blank]

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

CITY OF CHARLES TOWN

By: _____
Its: Mayor

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

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

CITY OF CHARLES TOWN

By: _____
Its: Mayor

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

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

CITY OF CHARLES TOWN

By: _____
Its: Mayor

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

RECEIPT AND RELEASE OF
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

The undersigned authorized representative of the West Virginia Municipal Bond Commission (the "Paying Agent") hereby certifies this 27th day of December, 2018 as follows:

On the 27th day of December, 2018, the Paying Agent received the sum of $1,015,589.37 from the proceeds of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A issued by the City of Charles Town (the "Issuer") and such amount, together with funds on deposit with the Paying Agent in the Jefferson County Public Service District (the "District") Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds") Sinking Fund in the amount of $48,381.98 and the Series 2010 A Bonds Reserve Account in the amount of $156,088.53 (total of $1,220,059.88) will be sufficient to: (i) pay, on January 18, 2019, the Redemption Date for the Series 2010 A Bonds, the entire outstanding principal of, premium on, and all accrued interest (total of $1,220,059.88) on the Series 2010 A Bonds, dated June 24, 2010, issued in the aggregate principal amount of $1,895,000 and outstanding in the principal amount of $1,205,000; (ii) pay the fees of the Paying Agent; and (iii) discharge the liens, pledges and encumbrances securing such Series 2010 A Bonds.

WITNESS my signature the day and year first written above.

WEST VIRGINIA MUNICIPAL
BOND COMMISSION

By: _____
Its Authorized Representative

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

RECEIPT AND RELEASE OF
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 A

The undersigned authorized representative of the West Virginia Municipal Bond Commission (the "Paying Agent") hereby certifies this 27th day of December, 2018 as follows:

On the 27th day of December, 2018, the Paying Agent received the sum of $978,425.27 from the proceeds of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A issued by the City of Charles Town (the "Issuer") and such amount, together with funds on deposit with the Paying Agent in the Jefferson County Public Service District (the "District") Sewer Revenue Bonds, Series 2013 A (the "Series 2013 A Bonds") Sinking Fund in the amount of $68,951.85 and the Series 2013 A Bonds Reserve Account in the amount of $148,119.27 (total of $1,195,496.39) will be sufficient to: (i) pay, on January 18, 2019, the Redemption Date for the Series 2013 A Bonds, the entire outstanding principal of, premium on, and all accrued interest (total of $1,195,496.39) on the Series 2013 A Bonds, dated June 14, 2013, issued in the aggregate principal amount of $1,660,000 and outstanding in the principal amount of $1,190,000; (ii) pay the fees of the Paying Agent; and (iii) discharge the liens, pledges and encumbrances securing such Series 2013 A Bonds.

WITNESS my signature the day and year first written above.

WEST VIRGINIA MUNICIPAL
BOND COMMISSION

By: _____
Its Authorized Representative

December 27, 2018

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2018 B (Bank Qualified)

RECEIPT AND RELEASE OF SERIES 2015 BOND

The undersigned duly authorized representative of the Bank of Charles Town, Charles Town, West Virginia (the "Bank"), Holder of the Jefferson County Public Service District Sewer Revenue Bond (Sewer Project Development), Series 2015, dated November 3, 2015, issued in the original aggregate principal amount of $660,000 (the "Series 2015 Bond"), hereby certifies and declares that on the date hereof, the Bank received on behalf of the Jefferson County Public Service District the sum of $551,829.32 and that such sum is sufficient to pay in full the entire outstanding principal of and all interest accrued on the Series 2015 Bond to the date hereof and to discharge all liens, pledges and encumbrances securing the Series 2015 Bond.

WITNESS my signature the day and year first written above.

BANK OF CHARLES TOWN

By: _____
Its Authorized Representative

WEST VIRGINIA
Water Development Authority
Celebrating 44 Years of Service 1974 - 2018

December 27, 2018

Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1
(West Virginia Water Development Authority);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2
(West Virginia SRF Program);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3
(West Virginia Infrastructure Fund);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4
(West Virginia SRF Program);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5
(West Virginia SRF Program);
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6
(West Virginia SRF Program); and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7
(West Virginia DWTRF Program);

and

Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B
(Bank Qualified)

CONSENT

In reliance upon the certificate of J.C. Kunkle & Associates, A.C., independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, the undersigned duly authorized representative for the West Virginia Water Development Authority (the "Authority"), the present holder of the Prior Bonds, hereinafter defined, hereby consents to:

(i) the conveyance of all of the sewerage system assets of Jefferson County Public Service District, including, but not limited to, all real property, personal property, tangible property, intangible property, rights of way, easements, judgments, licenses and permits,

(ii) the acquisition of Jefferson County Public Service District by the City of Charles Town;

(iii) the assumption of the Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated May 5, 1998, issued in the original aggregate principal amount of $425,767 (the "District Series 1988 B Bonds") by the City of Charles Town and the replacement of the District Series 1988 B Bonds as the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-1 (West Virginia Water Development Authority), (the "Series 2018 A-1 Bonds);

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304)414-0865
www.wvwda.org

(iv) the assumption of the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 B (West Virginia SRF Program), dated June 25, 1998, issued in the original aggregate principal amount of $599,089 (the "District Series 1998 B Bonds") by the City of Charles Town and the replacement of the District Series 1998 B Bonds as the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-2 (West Virginia SRF Program), (the "Series 2018 A-2 Bonds");

(v) the assumption of the Jefferson County Public Service District Sewer Revenue Bonds, Series 1998 C (West Virginia Infrastructure Fund), dated June 25, 1998, issued in the original aggregate principal amount of $662,039 (the "District Series 1998 C Bonds") by the City of Charles Town and the replacement of the District Series 1998 C Bonds as the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-3 (West Virginia Infrastructure Fund) (the "Series 2018 A-3 Bonds");

(vi) the assumption of the Jefferson County Public Service District Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated December 8, 1999, issued in the original aggregate principal amount of $378,363 (the "District Series 1999 A Bonds") by the City of Charles Town and the replacement of the District Series 1999 A Bonds as the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-4 (West Virginia SRF Program) (the "Series 2018 A-4 Bonds");

(vii) the assumption of the Jefferson County Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the aggregate principal amount of $1,154,889 (the "District Series 2000 A Bonds") by the City of Charles Town and the replacement of the District Series 2000 A Bonds as the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-5 (West Virginia SRF Program) (the "Series 2018 A-5 Bonds");

(viii) the assumption of the Jefferson County Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 18, 2008, issued in the aggregate principal amount of $2,005,000 (the "District Series 2008 A Bonds") by the City of Charles Town and the replacement of the District Series 2008 A Bonds as the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-6 (West Virginia SRF Program) (the "Series 2018 A-6 Bonds");

(x) the assumption of the Jefferson County Public Service District Water Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated April 17, 2014, issued in the aggregate principal amount of $985,350 (the "District Series 2014 A Bonds") by the City of Charles Town and the replacement of the District Series 2014 A Bonds as the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 A-7 (West Virginia DWTRF Program) (the "Series 2018 A-7 Bonds");

(xi) the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified), dated December 27, 2018, issued in the original aggregate principal amount of $3,065,000, by the City of Charles Town; and

(ix) the issuance of the Series 2018 A-1 Bonds, Series 2018 A-2 Bonds, Series 2018 A-3 Bonds, Series A-4 Bonds, Series A-5 Bonds, Series A-6 Bonds, Series A-7 Bonds and Series 2018 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 (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 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 referred to as the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller

Authorized Representative



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

Issuer:	City of Charles Town, West Virginia	Effective Date: November 27, 2018
Member:	City of Charles Town, West Virginia	Expiration Date: February 24, 2019
Bonds:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B	
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 November 27, 2018 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

November 27, 2018
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: Dec 5, 2018

EXHIBIT A

Specimen Municipal Bond Debt Service Reserve Insurance Policy



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: ISSUER_NAME, STATE_NAME

Policy No:

MEMBER: MEMBER_COMPANY, STATE_NAME

Effective Date:

BONDS: $_____ in aggregate principal amount of

,

Risk Premium: $_____

Member Surplus Contribution: $_____

Total Insurance Payment: $_____

Maximum 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

SPECIMEN

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

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.

(g) 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]*.

EXHIBIT C

DEBT SERVICE RESERVE AGREEMENT

DEBT SERVICE RESERVE AGREEMENT, dated _____ (the "Agreement"), by and between CITY OF CHARLES TOWN, WEST VIRGINIA (the "Obligor") and BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").

In consideration of the issuance by BAM of its Municipal Bond Debt Service Reserve Insurance Policy No. @@POLICY_NO@@ (the "Reserve Policy") with respect to the City of Charles Town, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Insured Obligations") 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 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 aggregate 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: 2018R0666

MEMBER: City of Charles Town, West Virginia

Effective Date: December 27, 2018

BONDS: Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B

Risk Premium: $3,065.00
Member Surplus Contribution: $6,896.25
Total Insurance Payment: $9,961.25

Maximum Policy Limit: $306,500.00

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 December 27, 2018 (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. 2018R0666 (the "Reserve Policy") with respect to the City of Charles Town, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (the "Insured Obligations") issued under the Ordinance duly enacted on September 17, 2018, as supplemented by a Supplemental Parameters Resolution adopted on December 3, 2018 and a Certificate of Determinations executed by the Mayor on December 18, 2018 (collectively, 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 aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due.

3. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be reinstated by a like amount, subject to the terms of the Reserve Policy.

4. All cash and investments in the debt service reserve fund or account securing the Insured Obligations (the "Reserve Fund") shall be transferred to the debt service fund for payment of debt service on the Insured Obligations before any drawing may be made on the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to available coverage under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

5. Draws on the Reserve Policy may only be used to make payments on the Insured Obligations (and for the avoidance of doubt, not any other obligations of the Obligor, whether issued on parity with the Insured Obligations, or otherwise).

6. If the Obligor shall fail to pay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document, other than (i) acceleration of the maturity of the Insured Obligations or (ii) remedies which would adversely affect owners of the Insured Obligations.

7. The Authorizing Document shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The Obligor's obligation to pay such amounts shall expressly survive payment in full of the Insured Obligations.

8. In order to secure the Obligor's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of BAM a security interest (subordinate only to that of the owners of the Insured Obligations and those obligations secured on a parity with the Insured Obligations) in all revenues and collateral pledged as security for the Insured Obligations. The Obligor shall not grant, or permit to exist, a lien on or security interest in the Gross Revenues for the benefit of a provider of an alternative credit instrument that is provided in lieu of a cash deposit to a debt service reserve fund or account for any obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Insured Obligations that is senior or superior to the security interest granted to BAM hereunder.

9. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Authorizing Document.

10. The Paying Agent, as defined in the Authorizing Documents, shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Paragraph 4 hereof and shall provide notice to BAM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Insured Obligations. Where deposits are required to be made by the Obligor with the Paying Agent to the debt service fund for the Insured Obligations more often than semi-annually, the Paying Agent shall give notice to BAM of any failure of the Obligor to make timely payment in full of such deposits within two business days of the date due.

11. The Obligor agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Agreement, the Authorizing Document and any other document executed in connection with the Insured Obligations ("Administrative Expenses"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Obligor agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

12. The obligation of the Obligor to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Obligor and will be paid or performed strictly in accordance with this Agreement.

13. So long as a default or event of default has occurred and is continuing under this Agreement, the Authorizing Document or any other document executed in connection with the Insured Obligations, the Obligor shall not be eligible for a dividend or any other economic benefit under BAM's organizational documents.

14. Notices to BAM shall be sent to the following address (or such other address as BAM may designate in writing): Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. 2018R0666, 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

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

December 27, 2018

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. 2018B0666
	DSR Policy:	Debt Service Reserve Policy No. 2018R0666
	Member:	City of Charles Town, West Virginia
	Bonds:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B

Date of the Official Statement: December 18, 2018

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 J 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:	November 27, 2018
Expiration Date:	February 24, 2019
BONDS:	Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B in aggregate principal amount not to exceed $3,125,000
Insurance Payment:	0.500% 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 Security Documents shall contain the document provisions set forth in Exhibit A hereto and shall be in form and substance acceptable to BAM. 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 (proportionate to the amount of Refunding Bonds insured by BAM). 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

November 27, 2018
Date

AGREED AND ACCEPTED

1. 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

5 December 2018
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, meeting the requirements above or 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 (unless otherwise specified herein).

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][Obligor] 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][Obligor], payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts shall be, and the [Issuer][Obligor] 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			
Brian Siper	Deputy Counsel	212-235-2562	bsiper@buildamerica.com
CLOSING COORDINATORS			
Nolan Miller		212-235-2511	nmiller@buildamerica.com
BAM ANALYST			
Alexis Platis		(212) 235-2524	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

THE LOGO MAY BE OBTAINED FROM BAM'S WEBSITE
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 and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. 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 September 30, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $524 million, $104.1 million and $419.9 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.

SPECIMEN

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:
200 Liberty Street, 27th floor
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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

2. CAPITAL APPRECIATION BONDS:

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 (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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

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 this 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 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 (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

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.

SPECIMEN

EXHIBIT C

BAM LEGAL OPINION AND CERTIFICATE

SPECIMEN

[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: 2018B0666

MEMBER: City of Charles Town, West Virginia

Effective Date: December 27, 2018

BONDS: $3,065,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B

Risk Premium:	$8,844.23
Member Surplus Contribution:	$10,762.12
Total Insurance Payment:	$19,606.35

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 2018 B
(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.

December 27, 2018

Build America Mutual Assurance Company

By: _____
Authorized Officer

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM Policy No.: 2018B0666

BONDS: $3,065,000 in aggregate principal amount of
City of Charles Town, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B

Date of the Official Statement: December 18, 2018

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 J 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: December 27, 2018

S&P Global
Ratings

55 Water Street, 38th
Floor
New York, NY
10041-0003
tel 212-438-2000
reference no.: 1554339

December 18, 2018

Build America Mutual Assurance Company
200 Liberty Street - 27th FL.
New York, NY 10281
Attention: Ms. Laura Levenstein, Chief Risk Officer

Re: ***$3,065,000 City of Charles Town, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2018B, dated: Date of delivery, due: June 01, 2020, 2022, 2024, 2026, 2028, 2030, 2033, (POLICY #2018B0666)***

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.

The credit ratings and other views of S&P Global Ratings are statements of opinion and not statements of fact. Credit ratings and other views of S&P Global Ratings are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While S&P Global Ratings bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, S&P Global Ratings does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and S&P Global Ratings' opinions should not be relied upon in making any investment decision. S&P Global Ratings does not act as a "fiduciary" or an investment advisor. S&P Global Ratings neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

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,

S&P Global Ratings

a division of Standard & Poor's Financial Services LLC

kl
enclosure

S&P Global
Ratings

S&P Global Ratings
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